D R A F T

FOR DISCUSSION ONLY

REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

NATIONAL CONFERENCE OF COMMISSIONERS

ON UNIFORM STATE LAWS

For March 27 to 29 Drafting Committee ~~January 29 – February 1, 2009 Style Committee~~ Meeting

WITH PREFATORY NOTE AND COMMENTS

January 16, 2009

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REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

TABLE OF CONTENTS

[ARTICLE] 4

ADJUDICATION IN A CONTESTED CASE

[ARTICLE] 4A

INFORMAL ADJUDICATION

[ARTICLE] 5

JUDICIAL REVIEW

[ARTICLE] 6

OFFICE OF ADMININISTRATIVE HEARINGS

[ARTICLE] 7

RULES REVIEW

[ARTICLE] 8

REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

Prefatory Note

The 1946 Model State Administrative Procedure Act

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

The 1946 Act incorporated basic principles with only enough elaboration of detail to support essential features[1] 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]

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[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 Administrative Procedure Act. They are: Arizona, Arkansas, Connecticut, District of Columbia, Florida, Georgia,

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 sections[7]. 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-seven 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. The American Bar Association has recently undertaken a major study of the Federal Administrative Procedure Act and has recommended revision of some provisions of that act. Since some sections of the Model State Administrative Procedure Act are similar to the Federal Act, the ABA study furnishes useful

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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.

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.

REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

[ARTICLE] 1

GENERAL PROVISIONS

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

SECTION 102. DEFINITIONS. In this [act]:

(1) "Adjudication" means the process of~~for~~ determining~~ation of~~ facts or applying~~ication of~~ law pursuant to which an agency formulates and issues an order.

(2) "Agency" means a state board, authority, commission, institution, department, division, office, officer, or other state entity that is authorized or required by law to make rules or to adjudicate. The term does not include the G~~g~~overnor, the L~~l~~egislature, and the J~~j~~udiciary.

(3) "Agency action" means:

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

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

(C) an agency's performing~~ance of,~~ or failing~~ure~~ to perform, any duty, function, or activity or to make any determination required by law.

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

(5) "Agency record" means the agency rulemaking record in rulemaking governed by Section 302, the emergency rulemaking record in rulemaking governed by Section 309(a), the direct final rulemaking record in rulemaking governed by Section 309(b), the ~~agency~~ hearing record in an adjudication governed by Section 406~~7~~, and the agency record in emergency adjudication governed by Section 407~~6~~.

(6) "Contested case" means an adjudication in which an opportunity for an evidentiary hearing is required by the federal or state constitution, ~~-~~a federal or state statute, or a federal or state judicial decision.

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

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

(9) "Emergency adjudication" means an adjudication in a contested case when the public health, safety, or welfare requires immediate action.

(10) "Evidentiary h~~H~~earing" means a hearing ~~allowing~~ for the receipt of evidence on issues on~~in~~ which a decision of the presiding officer may be made in a contested case.

(11) "Final order" means the order issued by the agency head sitting as the presiding officer in a contested case ~~proceeding~~.

(12) "Guidance document" means a record developed by an agency that ~~lacks the force of law but~~ states the agency's current approach to, or opinion of, law, including interpretations and general statements of policy that describe how and when the agency will exercise discretionary functions.

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

(14) "Initial order" means an ~~the~~ order which is subject to further agency review and is issued by a presiding officer who has ~~other than the agency head when that presiding officer has~~ final decisional authority ~~but the initial order is subject to further agency review~~.

(15) "Internet website" means an Internet website that permits the public to search a database that archives materials required to be published with the [publisher] under this [act].

(16) "Law" means the federal or state constitution, a federal or state statute, a federal or state judicial decision, a rule of court, an executive order that rests on statutory or constitutional authorization, or a rule or order of an agency.

(17) "License" means a permit, certificate, approval, registration, charter, or similar form of permission required by law and issued by an agency.

(18) "Licensing" means the grant, denial, renewal, revocation, suspension, annulment, withdrawal, or amendment of a license.

(19) "Notify" means to take ~~such~~ steps reasonably required to inform a person in ~~the~~ ordinary course, whether ~~or not~~ that person actually comes to know of it.

(20) "Order" means an agency decision that determines or declares the legal rights, duties, privileges, immunities, or other legal interests of a~~one or more~~ specific person~~s~~.

(21) "Party" means the agency taking action, the person against which the action is directed, and any other person named as a party or permitted to intervene and that does intervene.

(22) "Person" means an individual, corporation, business trust, estate, trust, ~~,~~ partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(23) "Presiding officer" means an individual who presides over the evidentiary hearing in a contested case.

(24) "Proceeding" means any type of formal or informal agency process or procedure commenced or conducted by an agency. The term includes adjudication, rulemaking, and

investigation.

(25) "Recommended order" means the order issued by a presiding officer other than the agency head when that presiding officer does not have final decisional authority and the order is subject to review by the agency head.

(26) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(27) "Rule" means the whole or a part of an agency statement of general applicability that implements, interprets, or prescribes law or policy or the organization, procedure, or practice requirements of an agency which has the force of law. The term does not include:

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

(B) an intergovernmental or interagency memorandum, directive, or communication that does not affect private rights or procedures available to the public;

(C) an opinion of the Aattorney Ggeneral;

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

(E) forms developed by an agency to implement or interpret agency law or policy; andor

(F) guidance documents.

(28) "Rulemaking" means the adoption of a new rule or the amendment or repeal of an existing ~~process for adopting, amending, or repealing a~~ rule.

(29) "Rulemaking documents" includes materials in written or electronic form that are related to an agency rulemaking proceeding~~,~~ or ~~that are~~ guidance documents ~~in written or electronic form~~.

(30) "Sign" means, with present intent to authenticate or adopt a record:

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

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

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

(32) "Written" means inscribed on a tangible medium.

Comment

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

Agency. The object of this definition is to subject as many state actors as possible to this definition. See 1981 MSAPA Section 1-102(1). The exception for the governor means the governor personally. The term "agency" includes the Office of Administrative Hearings provided in Article 6.

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

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

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

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

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

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

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

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

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

Internet website. This definition is designed to be used by agencies and publishers to comply with the requirements of Sections 201, 316, and 419 of this Act. In many states, the Internet website is maintained by the [publisher], and in some states, like California, the agency will also maintain its own Internet website.

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

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

Order. Unlike the federal APA which defines rule, but not order, this section provides a positive definition of order based on case law and agency experience. The key concept is that an order includes solely agency legal determinations that are addressed to particular, specific, identified individuals in particular circumstances. An order may be addressed to more than one person. Further, the definition is consistent with modern law in rejecting the right/privilege distinction in constitutional law. The addition of the language "or other interests" is intended to clarify this change and to include entitlements. See also Cal.Gov.Code SECTION 11405.50.

Party. This definition includes the agency, any person against whom agency action is brought and any person who intervenes. Its terms also include any person who may participate in a rulemaking proceeding, such as someone who offers a comment. This section is not

intended to deal with the issue of a person's entitlement to review. Standing and other issues relating to judicial review of agency action are addressed in Article 5 of this Act.

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

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

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

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

SECTION 103. APPLICABILITY. This [act] applies to each agency unless the agency is expressly exempted by a statute ~~statutory law~~ of this state.

Comment

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

[ARTICLE] 2

PUBLIC ACCESS TO AGENCY LAW AND POLICY

SECTION 201. PUBLICATION, COMPILATION, INDEXING, AND PUBLIC INSPECTION OF RULEMAKING DOCUMENTS; ORDERS.

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

~~***Legislative Note:*** *throughout this act the drafting committee has used the term [publisher] to describe the official or agency to which substantive publishing functions are assigned. All states have such an official, but their titles vary. Each state using this act should determine what that agency is, then insert its title in place of [publisher] throughout this act. Each state also has an [administrative bulletin] and an [administrative code]. The bulletin is similar to the federal register, and the code is similar to the code of federal regulations. The names of the administrative bulletin and the administrative code vary from state to state. Each state should insert the proper title in place of [administrative bulletin], and [administrative code].~~

(b) The [publisher] shall publish all rulemaking documents in [electronic and written] [electronic or written] [electronic] [written] format. The [publisher] shall prescribe a uniform numbering system, form, and style for all proposed, adopted, and amended ~~and adopted~~ rules.

(c) The [publisher] shall maintain the official record of adoption, amendment, and repeal for ~~-~~rules that are~~have been~~ adopted, amended, or repealed, including the text of the rule and any supporting documents, and filed with the [publisher] by an~~the~~ agency. An~~The~~ agency adopting, amending, or repealing ~~-a~~the rule shall maintain the rulemaking record required ~~, as defined in~~ by Section 302(b)~~,~~ for that rule.

(d) The [publisher] shall create and maintain an Internet website [or other appropriate technology] on which it maintains a searchable database. The [administrative bulletin and administrative code] and any guidance document filed with the [publisher] by an agency must be made available on the Internet website [or other appropriate technology]. ~~Internet~~

(e) The [administrative bulletin] must be published by the [publisher] at least once each

[month].

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

(g) The [administrative bulletin] must contain:

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

(2) newly filed rules prepared so that the text of a~~the~~ newly filed amended rule shows the text of the~~any~~ existing rule ~~changed~~ and the change that is~~has been~~ made;

(3) any other notice and material required to be published in the [administrative bulletin]; and

(4) an index.

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

(i) The [publisher] shall make available for public inspection and copying the [administrative bulletin] and the [administrative code].

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

(k) The [publisher] shall make available on the [publisher's] Internet website all of the documents provided by each agency under subsection (n). The [publisher] may not charge a fee for access to the [publisher's] Internet website.

(lk) An agency shall make its rules, declaratory orders, guidance documents, and orders in contested cases available through electronic distribution unless exempt from disclosure under law other than this [act]. An agency shall make these materials available through regular mail upon request, for which the agency may charge a reasonable fee.

(ml) An agency may provide for electronic distribution of notices related to rulemaking or guidance documents to a person that requests it. If a notice is distributed electronically, the agency need not transmit the actual notice ~~form~~ but must send all the information contained in the notice.

(nm) Each agency shall provide to the [publisher]:

(1) the notice of the adoption, amendment, or repeal of a rule;

(2) a summary of the regulatory analysis required by S~~s~~ection 305 for each proposed rule;

(3) each adopted, amended, or repealed rule;

(4) each guidance document;

(5) each order in a contested case;

(6) an index of final orders in contested cases

(76) each declaratory order; and

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

~~(n) The [publisher] shall make available on the [publisher's] Internet website all of the documents provided by each agency under subsection (m). The [publisher] may not charge a fee for access to the [publisher's] Internet website.~~

Legislative Note: *throughout this act the drafting committee has used the term [publisher] to describe the official or agency to which substantive publishing functions are assigned. All states have such an official, but their titles vary. Each state using this act should determine what that agency is, then insert its title in place of [publisher] throughout this act. Each state also has an [administrative bulletin] and an [administrative code]. The bulletin is similar to the federal register, and the code is similar to the code of federal regulations. The names of the administrative bulletin and the administrative code vary from state to state. Each state should insert the proper title in place of [administrative bulletin], and [administrative code].*

Comment

This section seeks to assure adequate notice to the public of proposed agency action. It also seeks to assure adequate record keeping and availability of records for the public. Article 2 is intended to provide easy public access to agency law and policy that are relevant to agency process. Article 2 also adds provisions for electronic publication of the administrative bulletin and code. Section 201 does not address the issue related to what languages rules should be published in, nor does it address issues related to translation of information contained in these documents into languages other than English. Rulemaking documents include materials in written or electronic form that are related to an agency rulemaking proceeding, or that are guidance documents in written or electronic form. Subsection (b) provides for publication of rulemaking documents in alternative written and/or electronic formats. Publishers that administer the provisions of this subsection must also comply with the applicable provisions of the federal E-Sign Act (15 U.S.C. Section 7001 to 7031) and the Uniform Electronic Transactions Act (UETA).

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

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

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

[publisher]. See section 202(4) and Section 310, below. Subsection (d) does not address issues related to authentication, preservation and archival storage of electronic documents published on an Internet website. Subsection (d) does not address the principles for deciding what rules are in effect and enforceable at a specific point in time.

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

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

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

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

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

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

SECTION 202. REQUIRED AGENCY RULEMAKING AND RECORDKEEPING. In addition to ~~any other~~ rulemaking requirements imposed by law other than this [act], each agency shall:

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

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

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

(4) adopt rules for the conduct of public hearings [if the default procedural rules adopted under Section 204 do not include provisions for the conduct of public hearings];

(5) file with the [publisher] in an electronic format acceptable to the [publisher] the agency's:

(A) proposed rules;

(B) adopted rules~~,~~ including rules adopted ~~using the emergency process~~ under Section 309~~(a) and rules adopted using the direct final process under Section 309(b)~~;

(C) ~~-~~guidance documents;

(D) notices;

(E) declaratory orders; ~~and~~

(F) orders issued in contested cases; and

(G) indexes of final orders in contested cases; [and]

(6) maintain [custody of] the agency's current rulemaking docket required by Section 302(b)[;]

[(7) maintain a separate, official, current, and dated index and compilation of all rules adopted under [Article] 3, make the index and compilation available at agency offices for public inspection and copying [and online on the [publisher]'s Internet website], update the index and

compilation at least [monthly]~~every [30 days]~~, and file the index and the compilation and all changes to both with the [publisher]~~.~~].

Comment

One object of this section is to make available to the public all procedures followed by the agency, including especially how to file for a license or benefit. It is modeled on the 1961 Model State Administrative Procedure Act, Sections 2(a) (4) & 2(b), the 1981 Model State APA Sections 2-104(1),(2), and the Kentucky Administrative Procedure Act, KRS Section 13A.100. Persons seeking licenses or benefits should have a readily available and understandable reference sources from the agency. A second reason is to eliminate "secret law" by making all guidance documents used by the agency available from the agency. Subsections (1),(2),(3), and (4) require the agency to codify by rule the description of the organization of the agency and the procedures followed by the agency. Agencies could use direct final rulemaking procedures under Section 309(b) to adopt some of the rules required by subsections (1), (2), (3), and (4). Some states provide more detail in subsection (1) including contact information for agency officials and organizational charts.

Subsection (5) requires agencies to file guidance documents with the publisher. Section 310(e) requires that agencies publish all current guidance documents. In states where the publisher has the sole responsibility for publishing agency rules and other documents, including guidance documents, an agency may satisfy the publication requirement by filing the guidance document with the publisher under subsection (5).

SECTION 203. DECLARATORY ORDER.

(a) Any interested person may petition an agency for a declaratory order that states whether or in what manner a rule, guidance document, or order issued by the agency applies to the petitioner.

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

(c) Not later than 60 days after receipt of a petition pursuant to subsection (a), an agency shall issue a declaratory order in response to the petition, decline to issue a declaratory order, or

schedule the matter for further consideration.

(d) If an agency declines to consider a petition submitted under subsection (a), it shall promptly notify in a record the petitioner of its decision and include a brief statement of the reasons for declining. An agency decision to decline to issue a declaratory order is subject to judicial review for abuse of discretion.

(e) If an agency issues a declaratory order, the order must contain the names of all parties to the proceeding, the facts on which it is based, and the reasons for the agency's conclusion. If ~~When~~ needed to protect confidentiality, an agency may redact confidential information in the declaratory order. A declaratory order has the same status and binding effect as an order issued in an adjudication, and is subject to judicial review under Section 501.

(f) An agency shall publish all currently effective ~~-~~declaratory orders.

(g) A~~a~~n agency shall maintain an index of all of its current declaratory orders, file the index with the [publisher] annually~~on or before January 1 of each year~~, make the index readily available for public inspection, and make available for public inspection the full text of all declaratory orders to the extent inspection is permitted by law other than this [act].

Comment

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

Subsection (d) provides that agency decisions to decline to issue a declaratory order are reviewable for abuse of discretion (See Massachusetts v. EPA 127 S. Ct. 1438 (2007) (EPA decision to reject rulemaking petition and therefore not to regulate greenhouse gases associated with global warming was judicially reviewable and decision was arbitrary and capricious.). limited agency resources may provide a valid basis for an agency to decline to issue a declaratory order.

Subsection (e) is based on the California APA, West's Ann.Cal.Gov.Code Section 11465.60; and the Washington APA, West's RCWA 34.05.240. A declaratory decision issued

by an agency is judicially reviewable; is binding on the applicant, other parties to that declaratory proceeding, and the agency, unless reversed or modified on judicial review; and has the same precedential effect as other agency adjudications. A declaratory decision, like other decisions, only determines the legal rights of the particular parties to the proceeding in which it was issued. The requirement in subdivision (e) that each declaratory decision issued contain the facts on which it is based and the reasons for its conclusion will facilitate any subsequent judicial review of the decision's legality. It also ensures a clear record of what occurred for the parties and for persons interested in the decision because of its possible precedential effect.

Subsections (f), and (g) require that an agency publish and index all current declaratory orders.

[SECTION 204. DEFAULT PROCEDURAL RULES.

(a) The [governor] [attorney general] [designated state agency] shall adopt default procedural rules for use by agencies. The default rules must provide for the procedural functions and duties of as many agencies as is practicable.

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

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

Comment

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

[ARTICLE] 3

RULEMAKING; ADOPTION AND EFFECTIVENESS OF RULES

SECTION 301. CURRENT RULEMAKING DOCKET.

(a) In~~As used in~~ this section, "rule" does not include a rule adopted using the emergency process under Section 309(a) or a rule adopted using the direct final process under Section 309(b).

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

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

(1) the subject matter of the proposed rule;

(2) notices related to the proposed rule;

(3) how comments may be made;

~~(3) where comments may be inspected;~~

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

(5) where comments may be inspected;

(6~~5~~) requests for a public hearing;

(7~~6~~) appropriate information about a public hearing, if any, including the names of the persons making the request;

~~(7) how comments may be made;~~ and

(8) the timetable for action.

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

Comment

This section is modeled on Minn. M.S.A. Section 14.366. This section and the following section, Section 302 state the minimum docketing and rulemaking record keeping requirements

for all agencies. This section also recognizes that many agencies use electronic recording and maintenance of dockets and records. However, for smaller agencies, the use of electronic recording and maintenance may not be feasible. This section therefore permits the use of exclusively written, hard copy dockets. The current rulemaking docket is a summary list of pending rulemaking proceedings or an agenda referring to pending rulemaking. This section includes direct final rules governed by Section 309.

SECTION 302. AGENCY RECORD IN RULEMAKING PROCEEDING.

(a) An agency shall maintain a rulemaking record for each rule it proposes to adopt. The record and materials incorporated by reference must be readily available for public inspection in the central office of the agency and available for public display on the Internet website maintained by the [publisher], unless the record and materials are privileged or exempt from disclosure under state law other than this [act]. If an agency determines that any part of the rulemaking record cannot practicably be displayed or is inappropriate for public display on the Internet website, the agency shall describe the document and shall note on the Internet website that the document is not displayed.

(b) A rulemaking record must contain:

(1) a copy of all publications in the [administrative bulletin] relating to the rule or the proceeding upon which the rule is based;

(2) a copy of any part of the rulemaking docket containing entries relating to the rule or the proceeding upon which the rule is based;

(3) a copy or an index of written factual material, studies, and reports relied on or consulted by agency personnel in formulating the proposed or final rule;

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

~~those presentations~~;

(5) a copy of the rule and explanatory statement filed with the [publisher]; and

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

Comment

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

The language of subsection (a) is based on Section 3-112(a) of the 1981 Model Act. Similar language is found in the Washington Administrative Procedures Act, RCWA Section 34.05.370. The requirement of an official agency rulemaking record in subsection (a) should facilitate a more structured and rational agency and public consideration of proposed rules. It will also aid the process of judicial review of the validity of rules. The requirement of an official agency rulemaking record was suggested for the Federal Act in S. 1291, the "Administrative Practice and Regulatory Control Act of 1979," title I, Section 102(d), [5 U.S.C. 553(d)], 96 Cong.Rec. S7126 at S7129 (daily ed. Jun. 6, 1979) (Sen. Kennedy). The second sentence of subsection (a) is intended to exclude privileged material from disclosure and display. Privileged material includes confidential business information and trade secrets, as well as internal advice memoranda. The exemptions in the state open records laws would be examples of records and materials that are exempt from disclosure and display under law other than this act. The third sentence in subsection (a) is intended to enable an agency to decide, for example, that indecent material or copyrighted material should be available for inspection in hard copy but not posted on the Internet. It is not intended to authorize exclusion from the Internet record of, for example, information that reflects adversely on the government."

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

SECTION 303. ADVANCE~~D~~ NOTICE OF ~~PROPOSED~~ RULEMAKING; NEGOTIATED RULEMAKING.

(a) An agency may gather information relevant to the subject matter of ~~possible~~ rulemaking and may solicit comments and recommendations from the public by publishing an

advanced notice of ~~proposed~~ rulemaking in the [administrative bulletin] and indicating where, when, and how persons may comment.

(b) An agency may engage in negotiated rulemaking by appointing a committee to comment or make recommendations on the subject matter of a rulemaking under active consideration within the agency. The committee, in consultation with one or more agency representatives, may attempt to reach a consensus on the terms or substance of a proposed rule. In making ~~the~~ appointments, the agency shall attempt to establish a balance in representation among persons known to have an interest and members of the public. The agency shall publish a list of all committees with their membership at least [annually] in the [administrative bulletin]. Notice of a meeting of a committee appointed under this subsection must be published in the [administrative bulletin] at least [15 days] before the meeting. A meeting of a committee appointed under this section is open to the public.

(c) This section does not prohibit an agency from obtaining information and opinions from members of the public on the subject of the rulemaking by any other method or procedure used in rulemaking.

Comment

This section is based upon the provisions of Section 3-101 of the 1981 MSAPA. Seeking advice before proposing a rule frequently alerts the agency to potential serious problems that will change the notice of proposed rulemaking and the rule ultimately adopted. This section is designed to encourage gathering information. It is not intended to prohibit any type of reasonable agency information gathering activities; however, the section seeks to insure that agencies act in a fashion that will result in a balance among interested groups from whom information is received. The advanced notice of proposed rulemaking under subsection (a) is a preliminary step for seeking information and is not the same as the notice of proposed rulemaking under Section 304, which begins the rulemaking process.

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

227.13. Subsection (b) is intended to authorize negotiated rulemaking.

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

SECTION 304. NOTICE OF PROPOSED RULEMAKING.

(a) Not later than~~At least~~ [30] days before the adoption, amendment, or repeal of a rule, an agency shall file ~~with the [publisher]~~ notice of the proposed action with the [publisher] for publication in the [administrative bulletin]. The publisher shall publish the notice in the next issue of the [administrative bulletin]. The notice must include:

(1) a short explanation of the purpose of the proposed action;

(2) a citation or reference to the specific legal authority authorizing the proposed action;

(3) the text of any rule proposed to be adopted, amended, or repealed;

(4) how a copy of the full text of the regulatory analysis of any rule proposed to be adopted, amended, or repealed may be obtained;

(5) where, when, and how a person may comment on the proposed action and request a hearing; and

(6) a concise summary of any regulatory analysis prepared under Section 305(d)

(b) Not later than three days after publication of the notice of the proposed rulemaking in the [administrative bulletin], the agency shall mail ~~or send electronically~~ the notice or send it electronically to each person that makes a timely request to the agency for a mailed or electronic copy of the notice. An agency may charge a reasonable fee for written mailed copies if the

person makeshas made a request for a mailed copy.

Comment

Many states have similar provisions to provide notice of proposed rulemaking to the public. This section is based upon the provisions of Section 3-103 of the 1081 MSAPA. Rulemaking is defined in Section 102(28). The publisher has the responsibility to publish a notice of proposed rulemaking under Section 201(g)(1). Subsection (b) requires that individual notice of the proposed rulemaking be provided in written or electronic form to each individual who has made a timely request to the agency. To be timely under this subsection, the request would have to be made prior to the publication of the notice of proposed rulemaking.

SECTION 305. REGULATORY ANALYSIS.

(a) An agency shall prepare a regulatory analysis for a rule rule proposed to be adopted, amended, or repealed proposed to be adopted that has an estimated economic impact of more than [$]. The analysis must be completed before the notice of proposed rulemaking is published. A summary of the analysis must be published when the notice of proposed rulemaking is given.

(b) If a proposed rulemaking has an economic impact of less than [$], theAn agency shall prepare a statement of minimal estimated economic impact. for any rule proposed to be adopted, amended, or repealed by the agency the adoption, amendment, or repeal of which has an economic impact of less than [$].

(c) A regulatory analysis must contain:

(1) a description of any class of persons that would be affected by the proposed rulemakingrule and the cost and benefit to that class of persons;

(2) an estimate of the probable impact of the proposed rulemakingrule upon any affected class;

(3) a comparison of the probable cost and benefit of the proposed rulemakingrule to the probable cost and benefit of inaction;

(4) a determination of whether there are less costly or less intrusive methods for achieving the purpose of the proposed rulemakingrule; [and]

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

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

~~***Legislative Note:*** *State laws vary as to which state agency or body that an agency preparing the regulatory analysis should submit that analysis to. In some states, it is the department of finance or revenue, in others it is a regulatory review agency, or regulatory review committee. The appropriate state agency in each state should be inserted into the brackets.*~~

(e) An agency preparing a regulatory analysis under this section shall submit the analysis to the [-appropriate state agency——].

(f) If the agency has made a good faith effort to comply with this section, a rule is not invalid~~may not be invalidated on the ground that~~ solely because the contents of the regulatory analysis of the rule are insufficient or inaccurate.

Legislative Note: *State laws vary as to which state agency or body that an agency preparing the regulatory analysis should submit that analysis to. In some states, it is the department of finance or revenue, in others it is a regulatory review agency, or regulatory review committee. The appropriate state agency in each state should be inserted into the brackets.*

Comment

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

private consultants to complete regulatory impact analysis. The concise summary of the regulatory analysis required by subsection (d) means a short statement that contains the major conclusions reached in the regulatory analysis.

Subsection (c)(5) This language is adapted from N.Y. APA § 202-a. This language also codifies requirements used in federal administrative law. In the federal cases, disclosure of technical information underlying a rule has been deemed essential to effective use of the opportunity to comment. See *American Radio Relay League v. FCC*, 2008 WL 1838387 (D.C. Cir. April 25, 2008); *Portland Cement Ass'n v. Ruckelshaus*, 486 F.2d 375 (D.C. Cir. 1973).

SECTION 306. PUBLIC PARTICIPATION.

(a) An agency proposing the adoption, amendment or repeal of a rule shall specify a public comment period of ~~For~~ at least [30] days after publication of the~~a~~ notice of proposed rulemaking ~~for the adoption, amendment, or repeal of a rule there shall be a public comment period at~~ during which ~~an agency shall allow~~ a person may~~to~~ submit information and comment on the rule proposed for adoption, amendment, or repeal. The information or comment may be submitted electronically or in written form.

(b) An agency shall consider all information and comment on a rule proposed for adoption, amendment, or repeal which~~that~~ is submitted within the comment period under subsection (a).

(c) Unless a hearing is required by law other than this [act], an agency is not required to hold a hearing on a rule proposed for adoption, amendment, or repeal. If an agency holds~~does hold~~ a hearing, the agency may allow a person to make an oral presentation with information and comment about the rule. Hearings must be open to the public and must~~shall~~ be recorded. A hearing on a rule proposed to be adopted, amended, or repealed must be held not later than [10] days before the end of the public comment period.

(d) A hearing on a rule proposed for adoption, amendment, or repeal may not be held

earlier than [30] days after notice of its location, date, and time is published in the [administrative bulletin]. ~~A hearing on a proposed rule must be held not less than [10] days before the end of the public comment period.~~

(e) An agency representative shall preside at a hearing on a rule proposed for adoption, amendment, or repeal. If the presiding agency representative is not the agency head, the representative shall prepare a memorandum summarizing the contents of the presentations made at the hearing for consideration by the agency head. ~~summarizing the contents of the presentations made at the hearing.~~

Legislative Note: *state laws vary on the length of public comment periods and on whether or not a rulemaking hearing is required. The bracketed number of days in subsections (a), and (d) should be interpreted to require that if a rulemaking hearing is held, it will be held before the end of the public comment period.*

Comment

This section gives discretion to the agency about whether to hold an oral hearing on proposed rules in the absence of a statutory or constitutional requirement that an oral hearing be held. The agency representative described in subsection (e) need not be an officer or employee of the agency unless that is required by law other than this [act]. In some states, an employee of the state attorney general's office will serve as the agency representative presiding on a hearing related to rulemaking.

SECTION 307. TIME LIMIT ON ~~FINAL~~ ADOPTION, AMENDMENT, OR REPEAL OF A RULE ~~.~~.

(a) An agency may not adopt, amend, or repeal ~~-~~a rule until the public comment period has ended ~~expired~~.

(b) Not later than [180] days after the close of the public comment period ~~or after the date of any public hearing, whichever is later~~, the agency shall adopt, amend, or repeal the rule pursuant to the rulemaking proceeding or terminate the proceeding by publication of a notice of

termination in the [administrative bulletin].

(c) An~~The~~ agency shall file rules adopted, amended, or repealed with the [publisher] not later than [ ] days after the date of adoption of the rule.

(d~~c~~) A rule is void unless it is ~~not~~ adopted, amended, or repealed and filed within the time limits set by this section ~~is void~~.

Comment

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

SECTION 308. VARIANCE BETWEEN PROPOSED ~~RULE~~ AND FINAL ACTION~~ADOPTED RULE~~. An agency may not take action on a rule proposed to be adopted, amended, or repealed ~~adopt a rule~~ that differs from the action~~rule~~ proposed in the notice of proposed rulemaking~~adoption of a rule~~ on which the rule is based unless the action~~rule being adopted~~ is the logical outgrowth of the action~~rule~~ proposed in the notice.

Comment

This section draws upon provisions from several states. See Mississippi Administrative Procedure Act, Miss. Code Ann. Section 25-43-3.107 and the Minn. Administrative Procedure Act, M.S.A. Section 14.05. The variance test adopted by state and federal courts is the logical outgrowth test. If the adopted rule is the logical outgrowth of the proposed rule, no further comment period is required. If it is not the logical outgrowth, then a further comment period is required. Courts utilize several factors to apply the logical out growth test including: (1) any person affected by the adopted rule should have reasonably expected that the published proposed rule would affect the person's interest; (2) the subject matter of the adopted rule or the issues determined by that rule are different from the subject matter or issues involved in the published rule proposed to be adopted; and (3) the effect of the adopted rule differs from the effect of the rule proposed to be adopted or amended.

The following cases discuss and analyze the logical outgrowth test and these factors . These judicial opinions also convey the wide acceptance and use of the logical outgrowth test in the states. *First Am. Discount Corp. v. Commodity Futures Trading Comm'n,* 222 F.3d 1008,

1015 (D.C.Cir.2000); *Arizona [publisher]. Serv. Co. v. EPA*, 211 F.3d 1280, 1300 (D.C.Cir.2000); *American Water Works Ass'n v. EPA*, 40 F.3d 1266, 1274 (D.C.Cir.1994); *Trustees for Alaska v. Dept. Nat. Resources*, ___AK____, 795 P.2d 805 (1990); *Sullivan v. Evergreen Health Care*, 678 N.E.2d 129 (Ind. App. 1997); *Iowa Citizen Energy Coalition v. Iowa St. Commerce Comm.* ___IA___, 335 N.W.2d 178 (1983); *Motor Veh. Mfrs. Ass'n v. Jorling*, 152 Misc.2d 405, 577 N.Y.S.2d 346 (N.Y.Sup.,1991); *Tennessee Envir. Coun. v. Solid Waste Control Bd.*, 852 S.W.2d 893 (Tenn. App. 1992); *Workers' Comp. Comm. v. Patients Advocate*, 47 Tex. 607, 136 S.W.3d 643 (2004); *Dept. Of [publisher]. Svc. re Small Power Projects*, 161 Vt. 97, 632 A.2d 13 73 (1993); *Amer. Bankers Life Ins. Co. v. Div. of Consumer Counsel*, 220 Va. 773, 263 S.E.2d 867 (1980).

SECTION 309. EMERGENCY RULEMAKING; DIRECT FINAL RULEMAKING.

(a) If an agency finds that an imminent peril to the public health, safety, or welfare, including the imminent loss of federal funding for an agency program~~s~~, requires the immediate adoption, amendment, or repeal of a rule and states in a record its reasons for that finding, the agency, without prior notice or hearing or upon any abbreviated notice and hearing that it finds practicable, may adopt, amend, or repeal ~~a~~ a rule without complying with Sections 304 through 307. The adoption, amendment, or repeal may be effective for not longer than [180] days [renewable once up to an additional [180] days]. The adoption, amendment, or repeal does not preclude the adoption or amendment of an identical rule, or the repeald of the rule, under Sections 304 through 30~~8~~8. The agency shall file with the [publisher] a rule adopted~~,~~, amended, or repealed under this subsection not later than [ ] days after the adoption and shall notify persons who have requested notice of rules related to that subject matter.

(b) If an agency proposes to adopt, amend, or repeal a rule the adoption, amendment, or repeal of which is expected to be~~that is~~ noncontroversial, it may use a direct final rulemaking process in accordance with this subsection and without complying with Sections 304 through 307. A rule to be adopted, amended, or repealed under this subsection must be published in the [administrative bulletin] along with a statement by the agency that it does not expect the

action~~rule~~ to be controversial. If no objection is received, the action~~rule~~ becomes final under Section 316(a). If an objection to the use of the direct final rulemaking process is received not later than ~~within~~ [30~~—~~] days of public notice ~~from any person~~, the agency shall file notice of the objection with the [publisher] for publication in the [administrative bulletin], and may proceed with the rulemaking process under Sections 304 through 308.

Comment

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

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

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

In order to prevent misuse of this procedural device, noncontroversial rule promulgation requires the consent of elected officials, and may be prevented by the requisite number of persons filing objections. The public comment period in subsection (b) provides notice of the noncontroversial rule and the opportunity to object to the adoption of the rule. If an objection to the direct final rulemaking process is received within the public comment period, the agency must give notice of the objection and then the agency may proceed with the normal rulemaking process, including the public comment provisions of Section 306.

SECTION 310. GUIDANCE DOCUMENTS.

(a) An agency may issue a guidance document without following the procedures set forth in Sections 304 through 308. A g~~G~~uidance document~~s do not have the force of law and do~~

does not constitute an exercise of an agency's delegated authority, if any, to establish the rights or duties of any person.

(b) An agency that proposes to rely on a guidance document to the detriment of a person in any administrative proceeding must afford thee~~at~~ person a fair opportunity to contest the legality or wisdom of positions taken in the document. The agency may not use a guidance document to foreclose consideration of issues raised in the document.

(c) A guidance document may contain binding instructions to agency staff members if at an appropriate stage in the administrative process, the agency's procedures provide affected persons an adequate opportunity to contest positions taken in the document.

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

(e) An agency shall publish all current guidance documents.

(f) An agency shall maintain an index of all of its currently effective ~~current~~ guidance documents, file the index with the [publisher] annually~~on or before January 1 of each year~~, make the index readily available for public inspection, and make available for public inspection the full text of all guidance documents to the extent inspection is permitted by law other than this [act]. Upon request, an agency shall make copies of the~~guidance~~ indexes or guidance documents available without charge; at cost; or, if authorized by law other than this [act], on payment of a reasonable fee. If an agency does not index a guidance document, the agency may not rely on that guidance document or cite it as precedent against any party to a proceeding, unless that party

has actual and timely notice of the guidance document.

(g) A person may petition an agency under Section 317 to adopt a rule in place of a guidance document ~~under Section 317~~.

(h) A person may petition an agency to revise or repeal a~~n existing~~ guidance document. Not later than [60] days after submission of the petition, the agency shall:

(1) revise or repeal the guidance document;

(2) initiate a proceeding for the purpose of considering a revision or repeal; or

(3) deny the petition in a record and state its reasons for the denial.

Comment

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

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

Subsection (a) exempts guidance documents from the procedures that are required for issuance of rules. Many states have recognized the need for this type of exemption in their administrative procedure statutes. These states have defined guidance documents—or interpretive rules and policy statements—differently from rules, and have also excused agencies creating them from some or all of the procedural requirements for rulemaking. See Ala. Code § 41-22-3(9)(c) ("memoranda, directives, manuals, or other communications which do not

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

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

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

An integral aspect of a fair opportunity to challenge a guidance document is the agency's responsibility to respond reasonably to arguments made against the document. Thus, when affected persons take issue with propositions expressed in a guidance document, the agency "must be prepared to support the policy just as if the [guidance document] had never been issued." Pacific Gas & Elec. Co. v. FPC, 506 F.2d 33, 38 (D.C. Cir. 1974); see Center for Auto Safety v. NHTSA, 452 F.3d 798, 807 (D.C. Cir. 2006); Professionals and Patients for

Customized Care v. Shalala, 56 F.3d 592, 596 (5th Cir. 1995); American Mining Cong. v. MSHA, 995 F.2d 1106, 1111 (D.C. Cir. 1993).

An agency may not, therefore, treat its prior promulgation of a guidance document as a justification for not responding to arguments against the legality or wisdom of the positions expressed in such a document. Flagstaff Broadcasting Found. v. FCC, 979 F.2d 1566 (D.C. Cir. 1992); Bechtel v. FCC, 957 F.2d 873 (D.C. Cir. 1992); Giant Food Stores, Inc. v. Commonwealth, 713 A.2d 177, 180 (Pa. Cmwlth. 1998); Agency Policy Statements, Recommendation 92-2 of the Admin. Conf. of the U.S. (ACUS), 57 Fed. Reg. 30,103 (1992), ¶ II.B. An agency may, however, refer to a guidance document during a subsequent administrative proceeding and rely on its reasoning, if it also recognizes that it has leeway to depart from the positions expressed in the document. See, e.g., Steeltech, Ltd. v. USEPA, 273 F.3d 652, 655-56 (6th Cir. 2001) (upholding decision of ALJ who "expressly stated that the [guidance document] was not a rule and that she had the discretion to depart from [it], if appropriate," but who adhered to the document upon determining "that the present case does not present circumstances that raise policy issues not accounted for in the [document]"); Panhandle Producers & Royalty Owners Ass'n v. Econ. Reg. Admin., 847 F.2d 1168, 1175 (5th Cir. 1988) (agency "responded fully to each argument made by opponents of the order, without merely relying on the force of the policy statement," but was not "bound to ignore [it] altogether"); American Cyanamid Co. v. State Dep't of Envir. Protection, 555 A.2d 684, 693 (N.J. Super. 1989) (rejecting contention that agency had treated a computer model as a rule, because agency afforded opposing party a meaningful opportunity to challenge the model's basis and did not apply the model uniformly in every case). See generally John F. Manning, "Nonlegislative Rules," 72 Geo. Wash. L. Rev. 893, 933-34 (2004); Ronald M. Levin, "Nonlegislative Rules and the Administrative Open Mind," 41 Duke L.J. 1497 (1992). The relevance of a guidance document to subsequent administrative proceedings has been compared with that of the agency's adjudicative procedents. See subsection (d) infra.

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

Subsection (c) permits an agency to issue mandatory instructions to agency staff members, typically those who deal with members of the public at an early stage of the administrative process, provided that affected persons will have a fair opportunity to contest the positions taken in the guidance document at a later stage. See Office of Management and Budget, Final Bulletin for Agency Good Guidance Practices, 72 Fed. Reg. 3432 (2007), § II(2)(h) (significant guidance documents shall not "contain mandatory language . . . unless . . . the language is addressed to agency staff and will not foreclose agency consideration of positions advanced by affected private parties"); ACUS Recommendation 92-2, supra, ¶ III (an agency should be able to "mak[e] a policy statement which is authoritative for staff officials in the interest of administrative uniformity or policy coherence"). For example, an agency manual might prescribe requirements that are mandatory for low-level staff, leaving to higher-ranking officials the discretion to depart from the interpretation or policy stated in the manual. The question of what constitutes an adequate opportunity to be heard may vary among agencies or programs. In some programs, centralization of discretionary authority may be a necessary concession to "administrative uniformity or policy coherence"; in other programs, the obligation to proceed through multiple stages of review might be considered so burdensome as to deprive members of the public of a meaningful opportunity to obtain agency consideration of whether the guidance document should apply to their particular situations. The touchstone in every case is whether the opportunity to be heard prescribed by subsection (b) remains realistically available to affected persons.

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

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

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

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

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

Subsection (h) extends the principles of section 317 by allowing interested persons to petition an agency to revise or repeal an existing guidance document. Thus, while this Act does not require an agency to obtain the views of the public before issuing a guidance document, this subsection provides a procedure by which members of the public may bring their views regarding an existing guidance document to the agency's attention and request that the agency take account of those views. This process may be of particular importance to persons who are indirectly affected by a guidance document (such as persons who stand to benefit from the underlying regulatory program) but are unlikely to be the targets of an enforcement action in which they could challenge the legality or wisdom of the document under subsection (b). See Nina A. Mendelson, "Regulatory Beneficiaries and Informal Agency Policymaking," 92 Cornell L. Rev. 397, 438-44 (2007); see also ACUS Recommendation No. 76-5, 41 Fed. Reg. 56,769 (1976) (noting that section 553(e) of the federal APA "allow[s] any person to petition at any time for the amendment or repeal of . . . an interpretive rule or statement of general policy").

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

of discretion, and the agency's explanation will provide a basis for any judicial review of the denial.

SECTION 311. REQUIRED INFORMATION FOR RULE. A ~~Each~~ rule filed by an agency with the [publisher] under Section 315 must contain the text of the rule adopted, amended, or repealed and be accompanied by a record containing:

(1) the date the agency adopted, amended, or repealed the rule;

(2) a reference to the specific statutory or other authority authorizing the action;

(3) any findings required by any provision of law as a prerequisite to adoption or effectiveness of the action;

(4) the effective date of the action;

(5) the concise explanatory statement required by Section 312; and

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

Comment

Agency action is defined in section 102(4) to include an agency rule or order [(subsection (4)(a)], and the failure to issue a rule or order [(subsection (4)(b)]. In Section 311(2),(3), and (4), the term "action" refers to the rulemaking process related to the adoption, amendment or repeal of a rule. See Section 102(2) definition of adoption of a rule which includes amendment or repeal of a rule, unless the context clearly indicates otherwise.

SECTION 312. CONCISE EXPLANATORY STATEMENT. At the time it adopts, amends, or repeals a rule, an agency shall issue a concise explanatory statement containing:

(1) the agency's reasons for the action, including ~~which must include~~ the agency's reasons for not accepting substantial arguments made in testimony and comments; and

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

Comment

Many states have adopted the requirement of a concise explanatory statement. Arkansas (A.C.A. Section 25-15-204) and Colorado (C.R.S.A. Section 24-4-103) have similar provisions. The federal Administrative Procedure Act uses the identical terms in Section 553 (c) (5 U.S.C.A. Section 553). This provision also requires the agency to explain why it rejected substantial arguments made in comments. Such explanation helps to encourage agency consideration of all substantial arguments and fosters perception of agency action as not arbitrary. Subsection (2) requires a statement of reasons for any substantial change between the text of the proposed rule, and the text of the adopted rule. Section 308 prohibits adoption of a rule that differs from the proposed rule unless the adopted rule is the logical outgrowth of the proposed rule. An adopted rule that contains a substantial change from the proposed rule can be adopted under Section 308 if the logical outgrowth test is satisfied but the agency will have to provide a statement of reasons under Section 312(2). If the logical outgrowth test is not met, then the rule can not be adopted under Section 308, and section 312(2) does not apply.

Agency action is defined in section 102(4) to include an agency rule or order [(subsection (4)(a)], and the failure to issue a rule or order [(subsection (4)(b)]. In Section 312(1), the term "action" refers to the rulemaking process related to the adoption, amendment or repeal of a rule. See Section 102(2) definition of adoption of a rule which includes amendment or repeal of a rule, unless the context clearly indicates otherwise.

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

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

(2) the reference in the rule fully identifies the incorporated code, standard, or rule by citation, place of inspection ~~location~~, and date[, and states whether the rule includes any later amendments or editions of the incorporated code, standard, or rule];

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

(4) the rule states where copies of the code, standard, or rule are available for a reasonable charge from the agency adopting the rule and where copies are available from the

agency of the United States, this state, another state, or the organization or association originally issuing the code, standard, or rule; and

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

Comment

Several states have provisions that require the agencies to retain the voluminous technical codes. See, Alabama, Ala.Code 1975 Section 41-22-9; Michigan, M.C.L.A. 24.232; and North Carolina, N.C.G.S.A. § 150B-21.6. To avoid the problems created by those retention provisions, but to assure that these technical codes are available to the public, this section adopts several specific procedures. One protection is to permit incorporating by reference only codes that are readily available from the outside promulgator, and that are of limited public interest as determined by a source outside the agency. See Wisconsin, W.S.A. 227.21. These provisions will guarantee that important material drawn from other sources is available to the public, but that less important material that is freely available elsewhere does not have to be retained. The bracketed language in subsection (2) is based on variations in state law as to whether later amendments to codes are automatically incorporated into the rule, or whether a new rulemaking proceeding would be required to include code amendments. This issue is discussed in Jim Rossi, "Dual Constitutions and Constitutional Duels: Separation of Powers and State Implementation of Federally Inspired Regulatory Programs and Standards," 46 WMMLR 1343 (2005)

SECTION 314. COMPLIANCE . An action taken under this [article], including the adoption, amendment, or repeal of a rule ~~adopted using the emergency process~~ under Section 309~~(a) or the direct final process under Section 309(b),~~ is not valid unless taken in substantial compliance with the procedural requirements of this [article].

Comment

This section is a slightly modified form of the 1961 Model State Administrative Procedure Act, section (3)(c). See also section 3-113(a) and section 3-116 of the 1981 Model State Administrative Procedures Act. Section 504(a) governs the timing of judicial review proceedings to contest any rule on the ground of noncompliance with the procedural requirements of this [act]. The scope of challenges permitted under Section 504(a) includes all applicable requirements of article 3 for the type of rule being challenged.

SECTION 315. FILING OF RULES. An agency shall file in written and electronic

form with the [publisher] each rule it adopts, amends, or repeals, including a rule adopted ,amended, or repealed under ~~under~~ Section 309~~(a) or direct final (b)~~. The agency shall file the~~a~~ rule not later than [ ] days after adoption, amendment, or repeal. The [publisher] shall maintain~~keep open to public inspection~~ a permanent register of all filed rules and concise explanatory statements. The [publisher] shall affix to each rule a certification of the time and date of filing. The [publisher] shall publish the notice of adopted rules in the [administrative bulletin]. In filing a rule, each agency shall use a standard form prescribed by the [publisher].

Comment

This section is based on the 1961 Model State Administrative Procedure Act, Section 4(a) and its expansion in the 1981 MSAPA, Section 3-114. Section 201(g)(1) provides that the administrative bulletin must contain newly filed adopted rules. This section provides that the publisher is responsible for publishing the notice of adopted rules in the administrative bulletin.

SECTION 316. EFFECTIVE DATE OF RULES.

(a) Except as otherwise provided in this section, [unless disapproved by the [rules review committee] or [withdrawn by the agency under Section 703,] a~~each~~ rule adopted, amended, or repealed ~~and the repeal of a rule,~~ becomes effective [30] days after publication of the rule in the [administrative bulletin] [on the [publisher]'s Internet website.]

(b) The adoption, amendment, or repeal of a rule may become effective on a later date than that established by subsection (a) if the later date is required by law other than this [act] or specified in the rule.

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

(d) A rule adopted, amended, or repealed using the emergency process under Section

309(a) becomes effective upon action~~adoption~~ by the agency.

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

Comment

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

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

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

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

Comment

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

[ARTICLE] 4

ADJUDICATION IN A CONTESTED CASE

SECTION 401. WHEN ARTICLE APPLIES; CONTESTED CASES. This [article] applies to an adjudication made by an agency in a contested case ~~as defined in section 102(6)~~.

Legislative note For a statute to create a right to an evidentiary hearing, express use of the term "evidentiary hearing" is not necessary in the statute. Statutes often use terms like "appeal" or "proceeding" or "hearing", but in context it is clear that they mean an evidentiary hearing. An evidentiary hearing is one in which the resolution of the dispute involves particular facts and the presiding officer is limited to material in the record in making his decision. Hearing rights are created by statutes that establish an agency and delegate powers to the agency (agency enabling acts). The provisions of this [act] do not create hearing rights.

Comment

Article 4 of this Act does not apply to all adjudications but only to those adjudications, defined in Section 102(6) as a "contested case." Contested case is the definition of the subset of adjudications that fall within this section because law as defined in Section 102(164) requires an evidentiary hearing to resolve particular facts or the application of law to facts. This section is subject to the exception in Section 4078 for an emergency hearing if the requirements for that exception under this Article apply. If the requirements for an emergency adjudication under Section 4078 are met, a hearing in a contested case may be conducted following the procedures in thatose sections. All contested cases are also subject to Section 402 of this article.

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

Hearings that are required by procedural due process guarantees serve to protect~~include~~ life, liberty and property *interests*, which arise where a statute creates a justified expectation or legitimate entitlement. This section includes more than what were described as "rights" under older common law. In cases where the right to an evidentiary hearing is created by due process, attention is directed to Article 4A, section 401A~~Section 405(2)D *infra*,~~ which may permit an informal hearing.

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

conferred by agency regulations, or on the record appeals.

This section draws upon the California, (see Cal. Cal.Gov.Code Section 11410.10); Minnesota, (see Minnesota Statutes Annotated, Section 14.02, subd. 3; Washington (see Revised Code of Washington, 34.05.413(2) and Kansas (see Kansas Stat. Ann., KS ST Section 77-502(d) & Kansas Stat. Ann., KS ST Section 77-503).

SECTION 402. PRESIDING OFFICERS.

(a) A~~The~~ presiding officer must~~shall~~ be the individual who is the agency head, ~~as defined in Section 102(4)~~ a member of a multi-member body of individuals that is the agency head, , or, ~~unless prohibited by law~~, an~~one or more~~ individual ~~s~~ designated by the agency head , unless prohibited by law, or an~~one or more~~ administrative law judge~~s~~ assigned ~~by the office~~ in accordance with Section 602.

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

(c) ~~The provisions of~~ Ssubsection (b) ~~governing separation of functions as to the presiding officer~~ also governs separation of functions as to the agency head or other person or body to which the power to hear or decide ~~in~~ the proceeding is delegated.

(d) A presiding officer is subject to disqualification for bias, prejudice, financial interest, ex parte communications as provided in Section 408(h), or any other factor that ~~would~~ provides reasonable doubt~~s~~ about the impartiality of the presiding officer~~]~~. A presiding officer, after making a reasonable inquiry, shall disclose to all parties any known facts related to grounds for

disqualification that would be material to the impartiality of the presiding officer in the contested case proceeding.

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

(f) A presiding officer whose disqualification is requested shall determine whether to grant the petition and state facts and reasons for the determination in writing. A presiding officer's decision to deny disqualification is not ~~immediately~~ subject to interlocutory judicial review.

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

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

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

(h) If participation of the agency head is necessary to enable the agency to take ~~legally effective~~ action, the~~an~~ agency head may continue to participate notwithstanding a ground~~s~~ for disqualification~~,~~ or exclusion.

Comment

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

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

Subsection (e) is based on California Government Code Section 11425.30.

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

Subsection (g) is based on 1981 MSAPA Section 4-202(c).

Subsection (j) is based on California Government Code Section 11425.40(c).

Subsection (k) adopts the rule of necessity for decision makers. See California Government Code Section 11512(c) (agency member not disqualified if loss of a quorum would result); United States v. Will (1980) 449 U.S. 200 (common law rule of necessity applied to U.S. Supreme Court to decide issues before the court relating to compensation all Article III judges). Section 408(g) precludes ex parte communications between presiding officers and agency heads.

SECTION 403. CONTESTED CASE PROCEDURE.

(a) This section does not apply to emergency adjudications.

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

~~(c) The following rules apply in contested cases:~~

~~(1) Except as otherwise provided by law, the party initiating the agency proceeding shall have the burden of proof. Upon proper objection the presiding officer must exclude evidence that is irrelevant, immaterial, and unduly repetitious or excludable on constitutional, or statutory grounds or on the basis of an evidentiary privilege recognized in the courts of this state. Any other relevant evidence, not privileged, may be received if it is of a type commonly relied upon by reasonably prudent people in the conduct of their affairs. The presiding officer may exclude evidence that is objectionable under the applicable rules of evidence. Evidence may not be excluded solely because it is hearsay.~~

~~**Alternative A**~~

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

~~**Alternative B**~~

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

~~(2) An objection must be made at the time the evidence is offered. In the absence of an objection, the presiding officer may exclude evidence at the time it is offered. A party may make an offer of proof when evidence is objected to, or prior to the presiding officer's decision to exclude evidence.~~

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

~~(4) All testimony of parties and witnesses must be made under oath or affirmation.~~

~~(5) All evidence must be made part of the hearing record of the case. No factual information or evidence may be considered in the determination of the case unless it is part of the agency hearing record. If the agency hearing record contains information that is confidential, the presiding officer may conduct a closed hearing to discuss the information, issue necessary protective orders, and seal all or part of the hearing record.~~

~~(6) The presiding officer may take official notice of all facts of which judicial notice may be taken and of other scientific and technical facts within the specialized knowledge of the agency. Parties must be notified at the earliest practicable time of the facts proposed to be noticed and their source, including any staff memoranda or data. The parties must be afforded an opportunity to contest any officially noticed facts before the decision is announced.~~

~~(7) The experience, technical competence, and specialized knowledge of the presiding officer may be used in the evaluation of the evidence in the agency hearing record.~~

~~(~~ce) In a contested case, the presiding officer~~, at appropriate stages of the proceedings,~~ shall give all parties a timely opportunity to file pleadings, motions, and objections. The presiding officer~~, at appropriate stages of the proceeding,~~ may give all parties the~~full~~ opportunity to file briefs, proposed findings of fact and conclusions of law, and ~~proposed~~, recommended, interim, or final orders. The presiding officer ~~may~~, with the consent of all parties, may refer the parties in a contested case proceeding to mediation or other dispute resolution procedure.

(df) In a contested case, to the extent necessary for full disclosure of all relevant facts and issues, the presiding officer shall afford to all parties the opportunity to respond, present evidence and argument, conduct cross-examination, and submit rebuttal evidence.

(eg) Except as otherwise provided by law other than this [act], the presiding officer may conduct all or part of an evidentiary hearing or a prehearing conference by telephone, television, video conference, or other electronic means. Each party to the proceeding must be given an opportunity to hear, speak, and be heard atin the proceeding as it occurs.

(fh) Except as otherwise provided in subsection (g), aA hearing in a contested case must beis open to the public.. A hearing conducted by telephone, television, video conference, or other electronic means is open to the public if members of the public have an opportunity, at reasonable times, to hear or inspect the hearing record, and to inspect any transcript obtained by the agency.

(g) Aexcept for a hearing or part of a hearing that the presiding officer may close a hearing on a ground on which this state may close a judicial proceeding or pursuant to a statute other than this [act].closes on the same basis and for the same reasons that a court of this state may close a hearing or closes pursuant to a statutory provision other than this [act] that authorizes closure. To the extent that a hearing is conducted by telephone, television, video conference, or other electronic means, and is not closed, a hearing is open if members of the public have an opportunity, at reasonable times, to hear or inspect the agency's record, and to inspect any transcript obtained by the agency.

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

(ij) A party may exercise the right to self representation in a contested case, and the presiding officer may explain contested case procedures to the self represented party.

(j) A presiding officer must record the hearing to provide a transcript of the hearing. The transcript of the hearing may be recorded by stenographic reporter, video recording, audio recording, or other means.

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

(ll) Subject to Section 204, the rules by which an agency conducts a contested case may include provisions more protective of the rights of the person to which the agency action is directed than the requirements of this section.

Comment

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

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

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

Under subsection (c), agency procedures governing the case refers to rules of practice adopted under Section 202, or default procedural rules adopted under Section 204, or procedures

required under the agency governing statute.

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

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

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

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

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

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

The subsection (l) written decision requirement is based in part on 1961 MSAPA Section 12, and on1981 MSAPA Section 4-215(g). See also California Government Code Section 11425.50. See also sections 801, and 802, electronic publication of written decisions, and the provisions of 15 U.S.C. Section 7004.

Section 10 of the 1961 MSAPA contained many similar provisions.

SECTION 404 EVIDENCE IN CONTESTED CASE

The following rules apply in contested cases:

(1) Except as otherwise provided by law, the party initiating the agency proceeding has the burden of proof.

(2) Upon proper objection, the presiding officer shall exclude evidence that is irrelevant, immaterial, unduly repetitious, excludable on constitutional or statutory grounds, or excludable on the basis of an evidentiary privilege recognized in the courts of this state. Any other relevant evidence may be received if it is of a type commonly relied upon by reasonably prudent individuals in the conduct of their affairs. The presiding officer may exclude evidence that is objectionable under the applicable rules of evidence, but evidence may not be excluded solely because it is hearsay.

(3)

Alternative A

Hearsay evidence may be used to supplement or explain other evidence, but on timely objection, is not sufficient by itself to support a finding unless it would be admissible over objection in a civil action.

Alternative B

Hearsay evidence is sufficient to support fact findings if it constitutes reliable, probative, and substantial evidence.

end of alternatives

(4) An objection must be made at the time the evidence is offered. In the absence of an objection, the presiding officer may exclude evidence at the time it is offered. A party may make an offer of proof when evidence is objected to or before the presiding officer's decision to

exclude evidence.

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

(6) Testimony must be made under oath or affirmation.

(7) Evidence must be made part of the hearing record of the case. Information or evidence may not be considered in determining the case unless it is part of the hearing record. If the hearing record contains information that is confidential, the presiding officer may conduct a closed hearing to discuss the information, issue necessary protective orders, and seal all or part of the hearing record.

(8) The presiding officer may take official notice of all facts of which judicial notice may be taken and of other scientific and technical facts within the specialized knowledge of the agency. Parties must be notified at the earliest practicable time of the facts proposed to be noticed and their source, including any staff memoranda or data. The parties must be afforded an opportunity to contest any officially noticed facts before the decision is announced.

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

Comment

SECTION 40~~5~~4. NOTICE~~.~~ IN CONTESTED CASE

(a) Except as otherwise provided for an emergency adjudication under Section 40~~8~~6, an agency shall give notice as provided in this section.

(b) In an action~~s~~ initiated by a person~~s~~ other than an~~the~~ agency, within a reasonable time after filing, the agency shall give notice to all parties that an action has been commenced. The

notice must include:

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

(2) contact information for communicating with the agency, including the agency mailing address and telephone number;

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

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

(5) that the person may be represented by an attorney or other individual as provided in Section 403(h)of the person's choosing.

(c) In an action initiated by the agency , the agency mustshall give an initial notice to the party or parties against which the action is brought as provided by law. The notice shall include:

(1) notification that an action that may result in an order has been commenced against the partythem;

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

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

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

(5) the name, official title, mailing address, [e-mail address,] [facsimile numberaddress,] and telephone number of the presiding officer or, if no officer has been

appointed at the time the notice is given, the name, official title, mailing address, [e-mail address,] [facsimile address,] and telephone number of the agency's representative~~any attorney or employee designated to represent the agency~~;

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

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

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

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

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

Comment

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

SECTION 40~~6~~5. ~~AGENCY~~ HEARING RECORD IN CONTESTED CASE.

(a) An agency shall maintain a~~n agency~~ hearing record in each contested case.

(b) The ~~agency~~ hearing record must contain: ~~consists of the~~

(1) a ~~-~~recording of the proceeding; ~~and :~~

(2~~1~~) notices of all proceedings;

(32) any pre-hearing order;

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

(54) evidence admitted, received, or considered;

(65) a statement of matters officially noticed;

(76) proffers of proof and objections and rulings thereon;

(87) proposed findings, requested orders, and exceptions;

(98) any transcript of all or part of the hearing;

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

(1110) all memoranda, data, or testimony prepared under Section 407; and

(1211) matters placed on the record after an ex parte communication.

(c) The agency hearing record constitutes the exclusive basis for agency action in a contested case and for judicial review of the case.

Comment

The recording of an agency hearing can be made by certified shorthand reporter, video or audio recording, or other electronic means.

SECTION 4076. EMERGENCY ADJUDICATION PROCEDURE.

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

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

(c) Before issuing an order under this section, anthe agency, if practicable, shall give

notice and an opportunity to be heard to the person to which the agency action is directed. The notice and hearing may be oral or written and may be communicated by telephone, facsimile, or other electronic means.

(d) An~~y~~ order issued under this section must briefly explain the factual and legal reasons for making the decision using emergency adjudication procedures.

(e) To the extent practicable, an agency shall give notice of an order to the person to which the agency action is directed. The order is effective when signed by an agency official.

(f) After issuing an order pursuant to this section, an agency shall proceed as soon as practicable to provide notice and an opportunity for a hearing following the~~contested case~~ procedure under Section 403 ~~in order~~ to determine~~resolve~~ the issues underlying the temporary order ~~relief~~.

(g) The emergency order is effective for 180 days, or until the effective date of an order issued under the contested case procedures of Section 403, whichever is shorter.

Comment

This section is based upon the 1961 Model State Administrative Procedure Act, section 14(c) and the 1981 Model State Administrative Procedure Act, Section 4-501. The procedure of this section is intended permit immediate agency emergency adjudication, but also to provide minimal protections to parties against whom such action is taken. Emergencies regularly occur that immediately threaten public health, safety or welfare: licensed health professionals may endanger the public; developers may act rapidly in violation of law; or restaurants may create a public health hazard. In these cases the agencies must possess the power to act rapidly to curb the threat to the public. On the other hand, when the agency acts in such a situation, there should be some modicum of fairness, and the standards for invoking this remedy must be clear, so that the emergency label may be used only in situations where it fairly can be asserted that rapid action is necessary to protect the public.

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

The generic provision in this section has several advantages over the present divergent

approaches to emergency agency action. First, all agencies have the needed power to act without delay, but there is provision for some type of brief hearing, if feasible. Second, this article limits the agency to action of this type only in a genuine, defined emergency. Third, there are pre and post deprivation protections. This section seeks to strike an appropriate balance between public need and private fairness.

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

SECTION 40~~8~~7. EX PARTE COMMUNICATIONS.

(a) For purposes of this section, the final decision maker means the agency head or another person or body to which the power to decide the proceeding is delegated .

(b~~a~~) Except as otherwise provided in subsections (c~~b~~) and (d~~c~~), or unless required for the disposition of ex parte matters authorized by statute, while a contested case is pending, the presiding officer and the final decision maker may not make to or receive from any person any communication regarding any issue in the proceeding without notice and opportunity for all parties to participate in the communication. For the purpose of this section, a proceeding is pending from the issuance of the agency's pleading, or from an application for an agency decision, whichever is earlier.

(c~~b~~) A~~The~~ presiding officer and the final decision maker may communicate~~make communications to or receive communications from~~ with an individual ~~a person~~ authorized by law to provide legal advice to the presiding officer or to the final decision maker and~~or~~ may communicate on ministerial matters with an individual ~~a person~~ who serves on the [administrative] [personal] staff of the presiding officer or the staff of the final decision maker if the person providing legal advice or ministerial information has not served as investigator, prosecutor, or advocate at any stage of the proceeding, and if the individual~~staff advisor~~ does not furnish, augment, diminish, or modify the evidence in the record. ~~When acting as the decision~~

~~maker, the agency head may make communications to or receive communications from a person authorized by law to provide legal advice to the agency if the person providing legal advice has not served as investigator, prosecutor, or advocate at any stage of the proceeding, and if the staff advisor does not furnish, augment, diminish or modify the evidence in the record.~~

(d~~e~~) An employee or representative may make communications to or receive communications concerning a pending contested case from an agency head sitting as presiding officer or decision maker if:

(1) the communication~~s~~ does not furnish, augment, diminish, or modify the evidence in the record;

~~consist of an explanation of the technical or scientific basis of, or technical or scientific terms in, the evidence in the agency hearing record; and~~

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

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

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

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

(e) If a presiding officer or the final decision maker makes or receives a communication

in violation of this section, the presiding officer or the final decision maker ~~shall~~, if the communication is:

(1) written, shall make the communication a part of the hearing record and prepare and make part of the record a memorandum that contains the response of the presiding officer and the final decision maker to the communication and the identity of the party or person that~~parties who~~ communicated; or

(2) oral, shall prepare a memorandum that contains the substance of the verbal communication, the response of the presiding officer and the final decision maker, and the identity of the party or person that ~~parties who~~ communicated.

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

(g) If~~When~~ a~~the~~ presiding officer is a member of a multi-member body of individuals that is the agency head , ~~a member of an agency head that is a body of persons~~, the presiding officer may communicate with the other members of the multi member body~~agency head~~. Otherwise, w~~W~~hile a proceeding is pending, there may be no communication, direct or indirect, regarding ~~the merits of~~ any issue in the proceeding between the presiding officer and the agency head or other person or body to which the power to hear or decide ~~in~~ the proceeding is delegated.

(h) ~~As a sanction,~~ I~~i~~f necessary to eliminate the effect of a communication received in violation of this section, a presiding officer and final decision maker may be disqualified under the provisions of Sections 402 (d) and~~,~~(e), the p~~arts~~ortions~~ of the record pertaining to the

communication may be sealed by protective order, or other appropriate relief may be granted, including an adverse ruling on the merits of the case or dismissal of the application. ~~or other adverse ruling on the merits.~~

Comment

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

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

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

SECTION 40~~9~~8. INTERVENTION.

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

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

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

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

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

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

(e) Upon request by the interveners or existing parties, the presiding officer may hold a hearing on the intervention petition.

(f) ~~The presiding officer, at least [24 hours] before the hearing, shall issue an order granting or denying each pending petition for intervention, specifying any conditions, and stating the reasons for the order.~~ A ~~The~~ presiding officer shall promptly give notice of an order granting, denying, or revoking intervention to the petitioner for intervention and to all parties. ~~of an order granting, denying, or revoking intervention.~~ The notice must be given at least 24 hours before a hearing on the merits of the case.

Comment

Section 408 is based in part of 1981 MSAPA Section 4-209. See also Federal Rule of Civil Procedure Rule 24 (intervention of right under Rule 24(a), and permissive intervention under Rule 24(b)).

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

SECTION 4~~09~~10. SUBPOENAS.

(a) Upon a~~written~~ request in a record by a party in a contested case, the presiding officer or any other officer to whom the power is delegated shall issue a subpoena for the attendance of a witness and the production of books, records, and other evidence upon a showing of general

relevance and reasonable scope of the evidence sought for use at the hearing.

(b) Unless otherwise provided by law or agency rule, a subpoenas ~~so~~ issued under subsection (a) shall be served and, upon application to the court by a party or the agency, enforced in the manner provided by law for the service and enforcement of subpoenas in a civil action.

Comment

Section 409 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).

Subsection (b) is based on Arizona administrative procedure act Section 41-1062A.4.

SECTION 41~~0~~1. DISCOVERY.

(a) ~~As used~~ I~~i~~n this section, "statement" includes a record~~s~~ ~~signed by a person~~ of a person's~~his or her~~ written statement~~s~~ signed by a person and a record~~s~~ that summarize~~s~~ an oral statement~~s~~ made by a person.

(b) Except in an emergency hearing under Section 408, a party, upon written notice to another party at least [ ] days before an evidentiary hearing, may~~is entitled to~~:

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

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

(A) ~~-~~statements of parties and witnesses ~~a statement relating to the subject matter of the adjudication made by any party to another party or person;~~

~~(B) statements of witnesses~~ then proposed to be called;~~;~~

(B~~C~~) all records~~writings~~, including reports of mental, physical, and blood examinations, and other evidence~~things which~~ the party ~~then~~ proposes to offer ~~in evidence~~;

(C~~D~~) investigative reports made by or on behalf of the agency or other party pertaining to the subject matter of the adjudication; ~~or~~

(D~~E~~) statements of expert witnesses ~~then~~ proposed to be called~~;~~.

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

(F) other materials for good cause shown.

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

(c) Upon petition, a presiding officer may issue a protective order for any material for which discovery is sought under this section that is exempt, privileged, or otherwise made confidential or protected from disclosure by law, including material subject to the attorney-client privilege~~attorney-client privilege~~, attorney work product ~~privilege~~, and [executive] [deliberative process] privilege, and material the disclosure of which ~~or that~~ would result in annoyance, embarrassment, oppression, or undue burden or expense to any person or party.

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

(e) Upon petition and for good cause shown, t~~T~~he presiding officer may issue an order authorizing discovery by other methods provided by law other than this [act] ~~[the rules of civil procedure]~~.

Comment

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

Section 410 is based on Section 11507.6. 1981 MSAPA Section 4-210 also provides for discovery in administrative proceedings.

SECTION 41~~0~~21. DEFAULT.

(a) Unless otherwise provided by law other than this [act], if a party without good cause fails to attend or participate in a pre-hearing conference~~,~~ or hearing~~, or other stage of~~ in a contested case, the presiding officer may issue a~~the~~ default order. If a default order is issued, the presiding officer ~~and~~ may conduct any further proceedings necessary to complete the adjudication without the defaulting party and shall determine all issues in the adjudication, including those affecting the defaulting party. A recommended, initial, or final order issued against a defaulting party may be based on the defaulting~~absent~~ party's admissions or other evidence ~~affidavits which can~~ that may be used without notice to the defaulting~~absent~~ party. If~~When~~ the burden of proof is on the defaulting party to establish that the party~~he or she~~ is entitled to the agency action sought, the presiding officer may issue a recommended, initial, or final order without taking evidence.

(b) Not later than~~Within~~ [ ] days after a recommended, initial, or final order is rendered against a party subject to a default order, that party may petition the presiding officer to vacate the recommended, initial, or final order. If ~~For~~ good cause is shown for the party's failure to appear, the presiding officer shall vacate the decision and, after proper service of notice, conduct another evidentiary hearing. If good cause is not shown for the party's failure to appear, the presiding officer shall deny the motion to vacate.

Comment

Under this section the presiding officer has the power to impose a default judgment. However, the default decision must be based upon prima facie evidence. Among the other laws that modify the presiding officer's discretion are the [state] rules of civil procedure. The section thus authorizes a presiding officer to issue a default judgment for the same reasons as contained in the state rules of civil procedure. This section is based on 1981 MAPA Section 4-208.

Subsection (b) is based in part on 1981 MSAPA Section 4-208 and on California Government Code Section 11520.

SECTION 41~~3~~2. ORDERS: FINAL, ~~AND~~ RECOMMENDED, INITIAL.

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

(b) Except as otherwise provided by law other than this [act], i~~I~~f the presiding officer is not the agency head and has not been delegated final decisional authority, the presiding officer shall render a recommended order ~~[proposed order].~~ If~~when~~ the presiding officer is not the agency head and has ~~not~~ been delegated final decisional authority. ~~Otherwise,~~ t~~t~~he presiding officer shall render an initial order that~~which shall~~ becomes a final order ~~in~~ [30] days after issuance, unless reviewed by the agency head on its own motion or on petition of a party.

(c) ~~Unless the time is extended by stipulation, waiver, or upon a showing of good cause,~~ A~~a~~ recommended, ~~or~~ initial, or final order must be served in a record upon each party and the agency head ~~writing~~ within 90 days after ~~conclusion of~~ the hearing ends, ~~or when~~ the record closes, or ~~after submission of~~ memos, briefs, or proposed findings are submitted, whichever is later. The time may be extended by stipulation, waiver, or upon a showing of good cause.

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

without further notice, may become a final order.

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

(f) An order is issued under this Section when it is signed by the agency head, presiding officer, or an individual authorized by law other than this [act] to sign the order.

~~(f) A presiding officer shall notify and provide copies of the recommended or initial order to be delivered to each party and to the agency head within the time limits set in subsection (c).~~

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

Comment

See Section 102(11) for the definition of "final order" Section 102(14 for the definition of initial order, and section 102 (24) of this act for the definition of "recommended order". This section draws upon useful provisions from several states. E.g. see: Alabama, Ala.Code 1975 Section 41-22-16; Iowa, I.C.A. Section 17A.15; Kansas, K.S.A. Section 77-526; Michigan, M.C.L.A. 24.281; Montana, MCA 2-4-623; Washington, RCWA 34.05.461. This section is also based upon 1981 MSAPA Section 4-215. Emergency orders are issued under the provisions of Section 408, not this section.

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

SECTION 41~~43~~. AGENCY REVIEW OF ~~RECOMMENDED AND~~ INITIAL

ORDER~~S~~.

(a) An agency head may review an ~~recommended or~~ initial order on its own motion.

(b) A party may petition an~~the~~ agency head to review an ~~recommended or~~ initial order. Upon petition by a~~ny~~ party, the agency head may review an initial order ~~and shall review a recommended order~~, except as otherwise provided by law other than this [act].

(c) A petition for review of an initial ~~recommended~~ order must be filed with the agency head, or with any person designated for this purpose by agency rule ~~of the agency,~~ not later than ~~within~~ [10] days after the initial~~recommended order~~ order is issued~~rendered~~, or the parties are notified of the order, ~~notice of the recommended order is given to the parties,~~ whichever is later. ~~.~~ If the agency head decides to review an initial ~~recommended~~ order on its own motion, the agency head shall give ~~written~~ notice in a record of its intention to review the ~~recommended~~ order within [10] days after it is issued~~rendered~~, or the parties are notified of the order ~~notice of the recommended order is given to the parties~~, whichever is later.

(d) The [10]-day period in subsection (c) for a party to file a petition~~,~~ or for the agency head to notify the parties ~~give notice~~ of its intention to review an initial ~~recommended~~ order ~~in subsection (b)~~, is tolled by the submission of a timely petition under Section 416 for reconsideration of the ~~recommended~~ order ~~pursuant to this section~~. A new [10]-day period begins~~starts to run~~ upon disposition of the~~any~~ petition for reconsideration ~~or agency head review under subsection (b)~~. If an ~~recommended~~ order is subject both to a timely petition for reconsideration and to a petition for ~~appeal or to~~ review by the agency head ~~on its own motion~~, the petition for reconsideration must be disposed of first, unless the agency head determines that action on the petition for reconsideration has been unreasonably delayed.

SECTION 415. AGENCY REVIEW OF RECOMMENDED ORDER

(a) ~~e)~~ An agency head shall review a recommended order pursuant to this section

(b) When reviewing a ~~An agency head that reviews a~~ recommended order, the agency head shall ~~shall~~ exercise all the decision-making power that the agency head would have had if the agency head had conducted the hearing that produced the ~~recommended~~ order, except to the extent that the issues subject to review are limited by a provision of law other than this [act] or by order of the agency head upon notice to all the parties. In reviewing findings of fact in a recommended order~~s~~ by the presiding officer~~s~~, the agency head shall consider~~give due regard to~~ the presiding officer's opportunity to observe the witnesses~~,~~ and to determine the credibility of witnesses. The agency head shall consider the hearing~~agency~~ record or parts that are~~those portions of it as have been~~ designated by the parties.

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

(d~~g~~) A final order or an order remanding the matter for further proceedings ~~under this section~~ must identify any difference between the order and the recommended order and must~~shall~~ state the facts of record that~~which~~ support any difference in findings of fact, ~~state~~ the source of law that~~which~~ supports any difference in legal conclusions, and ~~state~~ the policy reasons that ~~which~~ support any difference in the exercise of discretion. A final order under this section must include, or incorporate by express reference to the recommended order, all the matters required by Section 413~~415~~(d). The agency head shall deliver the order ~~cause an order issued under this section to be delivered~~ to the presiding officer and ~~to~~ all parties.

Comment

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

SECTION 4164. RECONSIDERATION.

(a) Any party, not later thanwithin [ ] days after notice of a final order is given, may file a petition for reconsideration that states the specific grounds upon which relief is requested. The place of filing and other procedures, if any, mustshall be specified by agency rule and mustshall be stated in the final order.

(b) If a petition for reconsideration is timely filed, and if the petitioner has complied with anthe agency's procedural rules for reconsideration, if any, the time for filing a petition for judicial review does not begincommence until the agency disposes of the petition for reconsideration as provided in Section 5034(d).

(c) If a petition is filed under subsection (a), the presiding officer shall issue render a written order not later thanwithin [20] days after the filing denying the petition, granting the petition and dissolving or modifying the final order, or granting the petition and setting the matter for further proceedings. The petition may be granted only if the presiding officer states findings of facts, conclusions of law, and the reasons for granting the petition.

Comment

This section is based in part on the Washington APA, West's RCWA 34.05.470. This section creates a general right to seek reconsideration of a recommended or final order. Subsection (b) must be read concurrently with Section 507(d), which excuses exhaustion to the extent that a provision of this [act] provides for excuse. See also 1981 MSAPA Section 4-218

SECTION 4175. STAY. Except as otherwise provided by law other than this [act], a party, not later than [seven] days after the parties are notified of the order, may request the

agency to stay a final order pending judicial review. ~~- within [seven] days after notice of the order is given to the parties~~. ~~When an agency finds that justice so requires,~~ T~~t~~he agency may grant the request for a stay pending judicial review if an agency finds that justice so requires,. The agency may grant or deny the request for stay of the order ~~either~~ before, on, ~~-~~or after the effective date of the order.

Comment

The 1961 MSAPA § 15 contained a provision for a stay. Stays are sometimes necessary to preserve the status quo pending agency review or judicial review. This section is based in part of 1981 MSAPA Section 4-217. The second sentence of this section is based on Section 705 of the federal administrative procedure act.

SECTION 41~~8~~6. AVAILABILITY OF ORDERS; INDEX.

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

~~***Legislative Note.*** *Most states have public records act that require disclosure of government documents and records to the public unless particular documents are exempt from disclosure under that act. Subsection (b) refers to those acts, and to exempt decisions under those acts.*~~

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

(c) A final order ~~or decision under this section~~ may be excluded from an index~~ing~~ and disclosure only by order of the presiding officer with a written statement of reasons attached to

the order. If~~, in the judgment of~~ the presiding officer determines~~,~~ it is possible to redact ~~[or to prepare a generic version of]~~ a final order ~~or decision~~ that is exempt, privileged, or otherwise made confidential or protected from disclosure by [the public records law of this state] so that it complies with the requirements of that law, the redacted ~~[or the generic version of the]~~ order ~~or decision~~ may be placed in the index~~ed~~ and~~or~~ published.

(d) An agency may not rely on a final order ~~or decision~~ adverse to a party other than the agency as precedent in future adjudications unless the agency designates the order ~~order or decision has been designated~~ as a precedent ~~by the agency~~, and the order ~~or decision~~ has been published, placed in an index~~ed~~, and made available for public inspection.

Comment

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

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

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

Most states have public records act that require disclosure of government documents and records to the public unless particular documents are exempt from disclosure under that act.

Subsection (b) refers to those acts, and to exempt decisions under those acts.

[ARTICLE] 4A

ADJUDICATION OTHER THAN CONTESTED CASE ; LICENSING ~~INFORMAL ADJUDICATION~~

SECTION 401A. ~~WHEN ARTICLE APPLIES; INFORMAL~~ ADJUDICATION OTHER THAN CONTESTED CASE .

(a) This Article applies to an adjudication in which an opportunity for an evidentiary hearing is not required.

(b~~a~~) In an adjudication under this article, ~~that is not a contested case,~~ the agency shall give prompt notice of, and a statement of the ~~the~~ reasons for, its action, to any party to the adjudication and shall give the party the opportunity to respond (orally or in writing) ~~be heard~~ before an impartial decision maker.~~.~~

Comment

This section draws on the informal adjudication provisions of several state Administrative Procedure Acts. See: California Administrative Procedure Act, West's Ann.Cal.Gov.Code SECTION 11445.40; Va. Administrative Procedure Act, Section 2.2-4019, Va. Code Ann. § 2.2-4019; and Washington Administrative Procedure Act, Section 34.05.485, West's RCWA § 34.05.485. The informal hearing may be in the nature of a conference at the discretion of the presiding officer. The due process requirements for informal adjudication are detailed in Goss v. Lopez, (1975) 419 U.S. 565, 581-582 (informal due process hearing for school suspension of ten days or less), and Cleveland Board of Education v. Loudermill (1985) 472 U.S. 532. The four due process elements for an informal adjudication are 1) notice; 2) statement of reasons; 3) opportunity to respond (orally or in writing); and 4) impartial decision maker. See Paul Verkuil,

SECTION 402A. LICENSING

(a~~b~~) When an agency decides a license application, the agency shall give prompt notice

of its action in response to an application. If the agency denies the application for a license without the opportunity for an evidentiary hearing, the agency shall include the reasons for the denial.

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

Comment

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

[ARTICLE] 5

JUDICIAL REVIEW

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

(a) As used in this [article], agency action is final when it imposes an obligation, grants or denies a right, confers a benefit, or determines a legal relationship as a result of an administrative process. Agency action that is a failure to act is not judicially reviewable except that a reviewing court shall compel agency action that is unlawfully withheld or unreasonably delayed. Final agency action includes a final order in a contested case~~,~~ and a final rule.

(b) Except as otherwise provided in subsection (d), a~~A~~ person who meets the other requirements of this article ~~otherwise qualified under this [article]~~ is entitled to judicial review of a final agency action. ~~except as provided in subsection (d).~~

(c) A person that may be ~~who maybe~~ entitled to judicial review of a final agency action under subsection (b~~a~~) is entitled to judicial review of an~~non final~~ agency action that is not final if postponement of judicial review would result in an inadequate remedy or irreparable harm that outweighs the public benefit derived from postponement.

(d) Final agency action is reviewable except to the extent that

(1) a statute~~s~~ [of this state] other than this [act] prelude~~s~~ judicial review; or

(2) agency action is committed to agency discretion by law.

~~(e) Except when judicial review is available under this [article] or under law other than this [act] , final agency action is subject to judicial review in civil or criminal proceedings for judicial enforcement~~

Comment

Subsection (a) of this section provides a right of judicial review of final agency action by appropriate parties. Under this section, the person seeking review must meet all of the requirements of this article, which include standing, exhaustion of remedies, and time for filing. The definition of "agency action" is found in Section 102. This section is similar to the judicial review provisions of Florida (West's F.S.A. Section 120.68), Iowa (I.C.A. Section17A.19), Virginia (Va. Code Ann. Section 2.2-4026) and Wyoming (W.S.1977 Section 16-3-114). Agency failure to act is not judicially reviewable unless agency action is unlawfully withheld or unreasonably delayed. This provisions is based on the federal A.P.A., 5 U.S.C. Section 706(1).

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

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

Subsection (d) is based on Section 701(a)(1),(2) of the federal administrative procedure act.

~~Subsection (e) is based on Section 703 of the federal administrative procedure act.~~

SECTION 502. RELATION TO OTHER JUDICIAL REVIEW LAW AND RULES.

(a) Unless otherwise provided by law other than this [act], judicial review of final agency action may only be taken as provided by ~~[~~state~~]~~ ~~[~~rules of [appellate] [civil] procedure~~]~~ [of this state] ~~[rules of civil procedure]~~. The court may grant any type of legal and equitable remedies that are appropriate.

(b) Except when judicial review is available under this [article] or under law other than this [act], final agency action is subject to judicial review in civil or criminal proceedings for judicial enforcement

Comment

This section places appeals from final agency action within the existing state rules of appellate procedure. Such action may be preferred by some states because of constitutional

provisions or because of the existence of rules of appellate procedure that the legislature may not wish to change. This practice was followed under the 1961 MSAPA, and is followed in a number of states today. See e.g.: Alaska (AS 44.62.560), California (West's Ann.Cal.Gov.Code Section 11523), Delaware (29 Del.C. Section 10143), Florida (West's F.S.A. Section 120.68), Iowa (I.C.A. § 17A.20), Michigan (M.C.L.A. 24.302), Minnesota (M.S.A. § 14.63) (Appeal integrated with state appellate rules),Virginia (Va. Code Ann. Section 2.2-4026), Wyoming (W.S.1977 § 16-3-114).

Subsection (b) is based on Section 703 of the federal administrative procedure act. See also 1981 MSAPA Sections 5-201 to 5-205.

SECTION 503. TIME FOR SEEKING JUDICIAL REVIEW OF AGENCY ACTION;~~,~~ LIMITATIONS.

(a) Judicial review of a~~ny~~ rule on the ground of noncompliance with the procedural requirements of this [act] must be commenced not later than ~~within~~ [two] years after ~~from~~ the effective date of the rule. ~~If otherwise available,~~ Jjudicial review of a rule or guidance document on other grounds may be sought at any time.

(b) Judicial review of an order or other final agency action other than a rule or guidance document must be commenced not later than~~within~~ [30] days after the date of [mailing] notice to the parties of the order or other agency action.

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

(d) A party may not ~~file or~~ petition for judicial review while seeking reconsideration under Section 41~~6~~8. During the time ~~that~~ a petition for reconsideration is pending before an agency, the time for seeking judicial review in subsection (b) is tolled.

Comment

The first sentence of subsection (a) is based on 1961 Model State Administrative Procedure Act, section (3)(c)., and on Section 3-113(b) of the 1981 Model State Administrative Procedures Act. The scope of challenges permitted for noncompliance with procedural

requirements under Section 314 includes all applicable requirements of article 3 for the type of rule being challenged.

SECTION 504. STAYS PENDING APPEAL. A petition for ~~The initiation of~~ judicial review does not automatically stay an agency decision. An appellant may petition the reviewing court for a stay upon the same basis as stays are granted under the ~~[state]~~ rules of [appellate] [civil] procedure [of this state] , and the reviewing court may grant a stay regardless of whether~~whether or not~~ the appellant first sought a stay from the agency.

Comment

This provision for stay permits a party appealing agency final action to seek a stay of the agency decision in the court. This is similar to the 1961 MSAPA. See also 1981 MSAPA Section 5-111.

SECTION 505. STANDING.

(a) For purposes of this section, A person is aggrieved if the agency action has caused, or is expected to cause, injury to that person [distinct from any injury caused to the public generally] [if the asserted interests of the person are not inconsistent with or completely unrelated to those the agency is required to consider when it makes the decision].

(b) The following persons have standing to obtain judicial review of a final agency action:

(1) a person that has ~~eligible for~~ standing under law of this state other than this [act]; and

(2) a person ~~otherwise~~ aggrieved or adversely affected by the agency action.

~~**Comment**~~

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

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

Subsection (a) uses a definition for the term aggrieved that is taken from Section 101 of the ABA Model Statute for Local Land Use Processes, adopted by the ABA in August, 2008.

SECTION 506. EXHAUSTION OF ADMINISTRATIVE REMEDIES.

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

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

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

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

Comment

This section creates a default requirement of exhaustion, which is generally followed in the states. However, the section creates several exceptions to the default rule. Subsection (b) requires issue exhaustion in appeals from rulemaking for persons who did not participate in the challenged rulemaking. It excuses persons seeking judicial review of a rule who were not parties before the agency from the exhaustion requirement; but, if the issue that they seek to raise was not raised and considered in the rulemaking proceeding that they challenge, then they must first petition the agency to conduct another rulemaking to consider the issue. If the agency refuses to do so or if the agency conducts a second rulemaking that is adverse to the petitioner on the issue or issues raised in his petition for rulemaking, then the petitioner may seek judicial review.

Subsection (d) recognizes the judicially created exception to the exhaustion requirement where agency relief would be inadequate or would result in irreparable harm. In some states courts have held that irreparable harm that is a sufficient condition to excuse exhaustion exists only if it outweighs the public interest in exhaustion. State courts are free under this section to engage in that weighing test.

SECTION 507. AGENCY RECORD ON JUDICIAL REVIEW; EXCEPTION.

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

Comment

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

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

SECTION 508. SCOPE OF REVIEW.

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

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

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

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

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

(B) the agency committed an error of procedure;

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

(D) an agency determination of fact is not supported by substantial evidence in the record as a whole; or

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

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

Comment

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

The other view is that judicial review is sometimes almost perfunctory, and more detailed standards will result in closer judicial scrutiny. A related view strongly argued in drafting committee meetings was that scope of review is a device by which the judiciary assists the legislature to keep the agencies within the bounds set by the legislature, helps to assure agency action consistent with the intent of the legislature, and protects citizens from agency error. More detailed scope of review provisions also make the task of the judiciary easier because they provide clearer instructions from the legislature about how to review agency decisions. More

detailed scope of review provisions lead to more intense judicial review, and that is an approach that legislatures welcome for the same reason that they have embraced regulatory review: it controls agency action. Alternative 2, which draws heavily on the Iowa provisions on scope of review (I.C.A. 17. A.19(10)), represents this position.

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

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

[ARTICLE] 6

OFFICE OF ADMININISTRATIVE HEARINGS

SECTION 601. CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS.

(a) ~~As used~~ I~~i~~n this [article], office means the [Office of Administrative Hearings].

(b) The [Office of Administrative Hearings] is created in the executive branch of state government [within the [ ] agency] ~~for the purpose of separating the adjudication function from the investigative, prosecutorial, or policy-making function of agencies in the executive branch of state government~~.

Comment

Section 601 is based upon Section 1-2(a) of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997). Thirty states (including the District of Columbia) have established central panel agencies. Representative state statutes creating a central panel include Alaska statutes, section 44.64.010, California Government Code Section 11370.2, Louisiana: statutes, Section 49.991, and Washington Administrative Procedure Act, Section 34.12.010.

SECTION 602. CHIEF ADMINISTRATIVE LAW JUDGE; APPOINTMENT~~;~~; QUALIFICATIONS~~;~~ TERM~~;~~ REMOVAL.

(a) The office is headed by a chief administrative law judge appointed by [the Governor] [with the advice and consent of the Senate].

(b) A chief administrative law judge ~~shall~~ serves a term of [five~~5~~] years~~,~~ and until a successor is appointed and qualifies for office, in entitled to~~shall receive~~ the salary provided by law, and may be reappointed.

(c) At the time of appointment, the chief administrative law judge must have been admitted to the practice of law in this state for at least~~a minimum of~~ five years and have substantial experience in administrative law.

(d) A chief administrative law judge:

(1) must take the oath of office required by law before beginning ~~prior to the commencement of~~ the ~~-~~duties of the office;

(2) shall devote full time to the duties of the office and may not engage in the private practice of law; and

(3) is subject to the code of conduct for administrative law judges adopted pursuant to Section 604(7).

(e) A chief administrative law judge may be removed from office ~~prior to the end of a term~~ only for cause and only after notice and an opportunity for a contested case hearing.

Comment

Section 602 is based upon Section 1-4 of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997).

SECTION 603. ADMININSTRATIVE LAW JUDGES; APPOINTMENT; QUALIFICATIONS, DISCIPLINE.

(a) The chief administrative law judge~~, pursuant to the [state merit system],~~ shall appoint administrative law judges pursuant to the [state merit system],~~.~~

(b) In addition to meeting ~~any~~ other requirements of the [state merit system], to be eligible for appointment as an administrative law judge, an individual must have been admitted to the practice of law in this state for at least~~a minimum of~~ [three] years.

~~(c) On the effective date of this [act], administrative law judges employed by agencies to which this [article] applies are transferred to the office and, regardless of the minimum qualifications imposed by this [article], are administrative law judges in the office.~~

(cd) An administrative law judge:

(1) shallmust take the oath of office required by law before beginning prior to commencement of duties as an administrative law judge;

as an administrative law judge;

(2) is subject to the code of conduct for administrative law judges adopted pursuant to Section 604(7);

(3) is entitled toshall receive the compensation provided by law; and

(4) may not perform any act inconsistent with the duties and responsibilities of an administrative law judge.

(de) An administrative law judge:

(1) is subject to the supervision of the chief administrative law judge;

(2) may be disciplined pursuant to the [state merit system law];

(3) Except as otherwise provided in paragraph (4), may be removed from office only for cause and only after notice and an opportunity for a contested case hearing ; and

(43) is subject to a reduction in force on in accordance with the [state merit system law].

law]; and

(4) may be removed from office only for cause and only after notice and an opportunity for a contested case hearing [may be removed pursuant to the [state merit system law].

(e) On the [effective date of this [act]], administrative law judges employed by agencies to which this [article] applies are transferred to the office and, regardless of the minimum qualifications imposed by this [article], are administrative law judges in the office.

Comment

Section 603 is based upon Sections 1-2(b), and 1-6 of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997).

SECTION 604. CHIEF ADMINISTRATIVE LAW JUDGE; POWERS; DUTIES.

The chief administrative law judge has the powers and duties specified in this section. The chief administrative law judge:

(1) shall supervise and manage the office;

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

(3) shall assure the decisional independence of each administrative law judge;

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

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

(6) shall adopt rules pursuant to this [act] to implement this [article];

(7) shall adopt a code of conduct for administrative law judges;

(8) shall monitor the quality of adjudications conducted by administrative law judges;

(9) ~~when necessary,~~ shall discipline administrative law judges who do not meet appropriate standards of conduct and competence;

(10) may accept grants and gifts for the benefit of the office; and

(11) may contract with other public agencies for the services of the office.

Comment

Section 604 is based upon Section 1-5 of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997).

SECTION 605. COOPERATION OF AGENCIES.

(a) All agencies shall cooperate with the chief administrative law judge in the discharge of the duties of the office.~~, including providing information and coordinating schedules for contested case hearings.~~

(b) Subject to Section 402(g), an agency may not reject a particular administrative law judge for a particular hearing.

Comment

Section 605 is based upon Section 1-7(a) of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997). There are similar provisions in Alaska statutes, section 44.64.080. Agencies should cooperate with the office of administrative hearings by providing information and coordinating schedules for contested case hearings.

SECTION 606. ADMINISTRATIVE LAW JUDGES; POWERS; DUTIES; DECISION MAKING AUTHORITY.

(a) [Except as otherwise provided in subsection (d~~e~~), unless] [Unless] ~~[U]~~nless the agency head elects to conduct the hearing, in which case the agency head shall render a final order under Section 413(a)~~415~~, in a contested case, an administrative law judge shall be assigned

to be the presiding officer. The administrative law judge shall issue a recommended or initial~~terim~~ order to the agency head in the contested case pursuant to Section 413~~415.~~

(b) Except as provided by law other than this [act], if a matter is referred to the office by an agency, the agency may not take ~~no~~ further action with respect to the proceeding, except as a party, until a recommended or initial~~interim~~ order is issued. [This subsection does not prevent an appropriate interlocutory review by the agency or an appropriate termination or modification of the proceeding by the agency when authorized by law other than this [act].]

~~(c) Unless the agency head elects to conduct the hearing, an administrative law judge shall be the presiding officer and shall issue a recommended or interim order in any adjudication involving any agency except the following agencies: (1)[list agencies to be exempted from central panel requirements].~~

(c~~d~~) In addition to acting as the presiding officer in contested cases under this [act], subject to the direction of the chief administrative law judge, an administrative law judge may perform such other duties as are authorized by law other than this [act].

[(d) This section does not apply to the following agencies: [list agencies exempted]] .

Comment

Section 606 is based upon Section 1-10 of the Model Act Creating a State Central Hearing Agency (Office of Administrative Hearings) adopted by the house of delegates of the American Bar Association (February 2, 1997).

[ARTICLE] 7

RULES REVIEW

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

SECTION 701. [LEGISLATIVE RULES REVIEW COMMITTEE]. There is created a ~~joint~~ standing ~~[rules review~~ committee~~]~~ of the legislature designated the [rules review committee].

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

SECTION 702. REVIEW BY [RULES REVIEW COMMITTEE].

(a) An agency shall file a copy of an adopted, amended, or repealed rule with the [rules review committee] at the same time it is filed with [the [publisher]]. An agency is not required to file an emergency rule adopted under Section 309(a) with the [rules review committee].

(b) The [rules review committee] may examine ~~currently effective~~ rules in effect and newly adopted, amended, or repealed rules to determine whether the:

(1) rule is a valid exercise of delegated legislative authority;

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

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

(4) rule is a reasonable implementation of the law as it applies to any affected class of persons ~~affects persons particularly affected by the rule~~; and

(5) agency ~~rule~~ complied~~s~~ with the regulatory analysis requirements of Section

305 and the analysis properly reflects the effect of the rule.~~properly determines the factors under Section 305(c)~~.

(c) The [rules review committee] may request from an agency ~~such~~ information ~~as is~~ necessary to exercise its powers~~carry out its duties~~ under subsection (b). The [rules review committee] shall consult with standing committees of the L~~l~~egislature with subject matter jurisdiction over the subjects of the rule under examination.

(d) The [rules review committee]:

(1) shall maintain oversight over agency rulemaking; and

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

Comment

This section adopts a rules review committee process that is widely followed in state administrative law as a method for legislative review of agency rules. Subsection (b) allows the legislative rules review committee to review currently effective rules and newly adopted rules. The rules review committee may establish priorities for rules review including review of newly adopted or amended rules, and may manage the rules review process consistent with committee staff and budgetary resources. If the content of the rule changes because of legislative amendments, the agency will be required to file the amended rule with the publisher, and the amended rule will replace the original rule that was filed with the publisher. The rules review process applies to rules adopted following the requirements of Sections 304 to 308. This process does not apply to emergency rules adopted under Section 309(a).

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

~~***Legislative Note:*** *the 30 day time period in subsection (a) is the same as the 30 day time period in section 316(a).*~~

(a) Not later than [30] days after receiving a copy of ~~the notice of~~ an adopted, amended, or repealed rule from an agency under Section 702~~307~~, the [rules review committee] may:

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

(2) disapprove the rule and propose an amendment to the adopted, amended, or repealed rule; or

(3) disapprove the adopted, amended, or repealed rule.

(b) If the [rules review committee] approves an~~the~~ adopted, amended, or repealed rule or does not disapprove and propose an~~a~~ amendment under subsection (a)(2) or disapprove under subsection (a)(3), the adopted, amended, or repealed rule becomes effective on the date specified for the ~~original~~ rule in~~under~~ Section 316.

(c) If the [rules review committee] proposes an amendment to the adopted or amended rule under subsection (a)(2), the agency may make the amendment and resubmit the rule, as amended, to the [rules review committee]. The amended rule must be one that the agency could have adopted on the basis of the record in the rulemaking proceeding and the legal authority granted to the agency. The agency shall~~must~~ provide an explanation for the amended rule as provided in Section 312. An agency is not required to hold a hearing on an amendment made under this subsection. If the agency makes the amendment, it shall also give notice to the [publisher] for publication of the rule, as amended, in the [administrative bulletin]. The notice must include the text of the rule as amended. If the [rules review committee] does not disapprove the rule, as amended, or propose a further amendment, the rule becomes effective on the date specified for the ~~original~~ rule under Section 316.

~~***Legislative Note**; state constitutions vary as to whether or not a joint resolution is a valid way of disapproving an agency rule. In some states, the legislature must use the bill process with approval by the governor. In other states the joint resolution process is proper. States should use the alternative that complies with their state constitution*~~.

(d) If the [rules review committee] disapproves the adoption, amendment, or repeal of a rule under subsection (a)(3), the adopted, amended, or repealed rule becomes effective upon adjournment of the next regular session of the legislature unless before the adjournment the legislature [adopts a [joint] [concurrent] resolution] [enacts a bill] sustaining the action of the committee.

(e) An agency may withdraw the adoption, amendment, or repeal of a rule by giving notice of the withdrawal to the [rules review committee] and to the [publisher] for publication in the [administrative bulletin]. A withdrawal under this subsection terminates the rulemaking proceeding with respect to the adoption, amendment, or repeal, but does not prevent the agency from initiating a new rulemaking proceeding for the same or substantially similar adoption, amendment, or repeal.

Legislative Note: *the 30 day time period in subsection (a) is the same as the 30 day time period in section 316(a).*

Legislative Note*; state constitutions vary as to whether or not a joint resolution is a valid way of disapproving an agency rule. In some states, the legislature must use the bill process with approval by the governor. In other states the joint resolution process is proper. States should use the alternative that complies with their state constitution* ~~***Legislative Note***~~***.*** *State constitutions vary on the federal constitutional issue decided by the U.S. Supreme Court in I.N.S. v. Chadha (1983) 462 U.S. 919, 103 S.Ct. 2764. The U.S. Supreme Court held that the one house legislative veto provided for in section 244(c)(2) violated the Article I requirement that legislative action requires passage of a law by both houses of congress (bicameralism) and presentation to the president for signing or veto (presentation requirement). Those state constitutions that require presentation to the governor need an additional step, presentation of the joint resolution to the governor for approval or disapproval. With state constitutions that do not require presentation to the governor the rules review process can be completed with legislative adoption of a joint resolution.*

Comment

This is a type of veto that provides for cooperation between the Legislature and the Governor, and attempts to avoid the **I.N.S. v. Chadha (1983)** 462 U.S. 919, 103 S.Ct. 2764. problem of unconstitutionality by delaying the effective date of the rule until the legislature has the opportunity to enact legislation to annul or modify it. The governor may veto the act by which the legislature seeks to annul or modify the rule. This type of veto provision is widely used in the states. For disapproval of a rule to be effective, the legislature as a whole must adopt a joint resolution, and in many states the governor must by presented with the joint resolution for approval or disapproval. While the rules review committee can recommend disapproval, the committee recommendation must be approved by the legislature by joint resolution. In some states, the legislature must comply with the legislative process for enacting a bill including presentation to the governor to exercise the power of legislative veto over an agency regulation. In at least one state use of a joint resolution without the governor's participation violates the state constitution. State v. A.L.I.V.E. Voluntary (Alaska, 1980) 606 P.2d 769. The rules review committee has the power to temporarily suspend an agency rule pending enactment of a

permanent suspension by action of both houses of the state legislature, and presentation to the governor. Martinez v. Department of Industry, Labor, & Human Relations (Wisconsin, 1992) 165 W.2d 687, 478 N.W.2d 582 (temporary suspension statute held not to violate state constitution separation of powers doctrine).

[ARTICLE] 8

APPLICABILITY; EFFECTIVE DATE

SECTION 801. APPLICABILITY~~EFFECTIVE DATE~~. This [act] ~~takes effect on [date] and~~ governs all agency proceedings, and all proceedings for judicial review or civil enforcement of agency action, commenced after [the effective date of this [act]~~that date~~. This~~The~~ [act] does not govern an adjudication~~s~~ for which notice was given before~~prior to~~ that date under Section 403 and ~~all~~ rulemaking proceedings for which notice was given or a petition filed before that date.

Comment

Section 801 is based on Section 1-108 of the 1981 MSAPA. See Also California Government Code Sections 11400.10, and 11400.20 (operative date of California APA revisions). Agency proceedings on remand following judicial review after the act takes effect are governed by the prior law.

SECTION 802. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT.

This [act] modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et. seq., but does not modify, limit, or supersede Section 101 (c) of that act, 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

SECTION 803. REPEALS The following acts and parts of acts are repealed

(a) [the 1961 Model State Administrative Procedure Act]
(b) [the 1981 Model State Administrative Procedure Act]
(c)

SECTION 804. EFFECTIVE DATE This [act] takes effect on [date]