

Senate Business and Labor Committee

February 14th, 2025

Bill: SB 179 – Local Regulation of Business Entities Amendments

Sponsor: Senator Calvin R. Musselman

Floor Sponsor: Representative Thomas W. Peterson

UASD Position: Tracking

This Bill enacts provisions related to local classification and approval of new and unlisted business uses.

Discussion: Senator Musselman addressed Senate Amendment 1, which was adopted by the Committee. He explained that while the original Bill had included a time frame developed in collaboration with the Utah League of Cities and Towns, the amendment adds more clarity through the language on lines 44–49. The amendment specifies that “the legislative body shall approve or deny the new or unlisted business use within a time frame established by ordinance, provided the applicant responds to requests for additional information within the municipality's set timeframe and appears at required hearings”. This Bill mandates that every municipality and county develop a review process for business uses that are not explicitly listed in existing ordinances. Senator Musselman highlighted that this amendment would provide flexibility for unlisted business types and create a formalized process for evaluating and approving them.

Senator Cullimore questioned whether this process could complicate the approval of unanticipated uses, suggesting that it might be simpler to proceed without requiring permission each time for a use that isn't explicitly prohibited. Mr. Sands, the Local Government Policy Analyst at the Libertas Institute, responded by clarifying that the current system already outlines pre-approved uses and specifies what is prohibited. No further discussion followed.

Yeas: 6

Nays: 0

N/V: 2

Outcome: SB 179, as amended, passed out of the Committee with a favorable recommendation.

Bill: 1st substitute SB 220 – Construction Modifications

Sponsor: Senator Calvin R. Musselman

Floor Sponsor: Representative Thomas W. Peterson

UASD Position: Support

This Bill addresses construction site stormwater runoff controls.

Discussion: The Bill establishes standards for how the Division of Water Quality (“DWQ”) regulates controls for stormwater runoff, imposes fines for violations, and inspects construction sites that impact stormwater runoff. Additionally, it outlines exceptions for the Department of Transportation (“DOT”) and establishes penalties for non-compliance. These measures are designed to ensure proper management of stormwater runoff while holding entities accountable for any violations related to environmental protections.

Senator Musselman addressed the 1st substitute, which was adopted by the Committee. He explained that the changes in the substitute were primarily technical in nature. These changes result in the fiscal note being reduced to zero. The substitute also includes several refinements made in collaboration with the UDOT. The sponsor highlighted that the Bill restores a municipality's ability to issue fines and establishes a structured process for implementing those fines. In extreme cases, where there is a public safety threat, a municipality may “lock out” a project. Additionally, the Bill gives contractors the option to choose between electronic inspections and traditional inspections, and it requires the DWQ to follow the same enforcement process as contractors when taking action against a municipality.

Senator Vickers expressed concerns about the potential increase in workload for city staff, referencing feedback he had received from a mayor in his district. Ross Ford, representing the Homebuilder's Association, responded that he was already in communication with the mayor to clarify and address these concerns. The sponsor added that electronic self-inspections should help alleviate the workload. The Utah League of Cities and Towns and UDOT expressed support for the Bill. No further discussion followed.

Yeas: 7

Nays: 0

N/V: 1

Outcome: 1st substitute SB 220 passed out of the Committee with a favorable recommendation.

Bill: SB 245 – Newborn Child Insurance Modifications

Sponsor: Senator Todd Weiler

Floor Sponsor: Undeclared

UASD Position: Tracking

This Bill requires employers to provide a notification to employees who are birthing a child or adopting a child.

Discussion: SB 245 requires employers that offer health insurance to notify employees who are either birthing or adopting a child. The notification must inform the employee of the specific number of days they have to add the child to their health insurance plan. Senator Weiler shared a

story about first-time parents of a premature newborn, who, while their infant was in the newborn NICU, assumed their baby's insurance coverage would be automatic. This assumption led to serious financial difficulties for the parents, which could have been avoided if the employer had notified the parent of the requirement to inform the insurance company after the baby's birth. The bill also stipulates that when an employee requests Maternity Leave or Family and Medical Leave (FMLA) due to the birth or adoption of a child, the employee must be informed of the period they have to enroll the child in the health insurance plan.

An insurance company employee spoke in support of the Bill. A representative from the National Association of Benefits and Insurance Professionals raised concerns that the Bill could create liability for employers who are unaware that an employee is adding a child to their family. The Bill clearly states that the employee must notify their employer when seeking leave, and if the employee does not request leave, the employer is not required to provide this notification. Senator McCay questioned whether it might be better policy to place the presumption of insurance coverage on the insurance companies for a new child becoming part of the insured's family. Senator Weiler said that because such a change would likely lead to larger discussions with the insurance industry, he would prefer passing the current legislation during this Session and addressing the broader concerns over the Interim.

Yeas: 7

Nays: 0

N/V: 1

Outcome: SB 245 passed out of the Committee with a favorable recommendation.

Bill: 2nd substitute HB 23 – Insurance Modifications

Sponsor: Representative James Dunnigan

Floor Sponsor: Senator Evan Vickers

UASD Position: Tracking

This Bill amends provisions relating to insurance.

Discussion: The 2nd substitute was adopted by the Committee. The substitute includes an effective date of May 7, 2025, throughout the Bill and changes the section for self-funded small employers' minimum enrolled employees in new plans to 10, as well as adjusting the minimum attachment point to \$25,000. The 2nd substitute also grandfathers all the plans currently in place. The Chief Executive Officer of the Utah Indemnities Pool, Johnnie Miller, presented alongside Representative Dunnigan. Mr. Miller explained that private insurance companies across the nation are increasingly choosing not to insure governmental entities, law enforcement agencies,

and other such entities. This Bill addresses that issue by allowing both municipalities and counties in the state to pool together to create captive insurance companies.

The sponsor mentioned that the Bill contains several technical cleanup provisions. 2nd substitute HB 23 clarifies the circumstances under which a public agency insurance mutual or a reserve fund is exempt from the Insurance Code. It amends provisions related to dual licensing and modifies provisions concerning money appropriated from the Captive Insurance Restricted Account. The Bill also clarifies that an insurer is not required to file a certification that a non-English policy complies with relevant laws. Additionally, it aligns state law with federal rules regarding preexisting condition limitations and limits the scope within which the Insurance Department can issue a waiver for a license. It further clarifies that the commissioner may take action against a licensee who fails to pay a final judgment within 60 days. The Bill adds additional reporting requirements for a licensee against whom a judgment has been entered and changes the reporting period for agency title insurance producers.

The Bill also amends provisions related to captive insurance companies by reducing the minimum capital requirement for an association captive insurance company and allowing such companies to be formed as not-for-profit organizations. It clarifies that officers of a captive insurance company must be separate individuals and modifies provisions relating to insurance investments. The Bill also revises requirements for a sponsored captive insurance company's business and amends the grounds under which the commissioner may revoke the certificate of authority of a captive insurance company. It further modifies the requirements for small employer stop-loss insurance contracts, regulating which small employers a stop-loss insurer or reinsurer may enter into contracts with and providing a transition period for existing small employer stop-loss insurance contracts.

Jason Knight, representing several small and medium-sized employers in the state, expressed concerns over the justification for running this legislation. He believes that the Bill would eliminate access to a choice of insurers for small employers in the state. The National Association of Benefits and Insurance Professionals spoke in support of the Bill. Representative Dunnigan stated that the 2nd substitute is a compromise language that has been agreed upon by the stakeholders.

Yeas: 7

Nays: 0

N/V: 1

Outcome: 2nd substitute HB 23 passed out of the Committee with a favorable recommendation.

Bill: 2nd substitute HB 24 – Limitations on Liability Amendments

Sponsor: Representative Nelson Abbott

Floor Sponsor: Senator Todd Weiler

UASD Position: Tracking

This Bill addresses the limitation on the liability of an employer for an employee convicted of an offense.

Discussion: This Bill extends the sunset date to July 1, 2029, for a statute that addresses the liability of an employer for an employee convicted of an offense. There was no discussion by the Committee, nor were any comments made by the public.

Yeas: 7

Nays: 0

N/V: 1

Outcome: 2nd substitute HB 24 passed out of the Committee with a favorable recommendation.
