

LEGISLATIVE ACTION

Senate House Comm: RCS 04/09/2013

The Committee on Governmental Oversight and Accountability (Hays) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. Paragraphs (d) and (e) of subsection (3) of section 57.111, Florida Statutes, are amended to read:

57.111 Civil actions and administrative proceedings initiated by state agencies; attorney attorneys' fees and costs.-

- (3) As used in this section:
- (d) The term "small business party" means:
- 1.a. A sole proprietor of an unincorporated business,

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including a professional practice, whose principal office is in this state, who is domiciled in this state, and whose business or professional practice has, at the time the action is initiated by a state agency, not more than 25 full-time employees or a net worth of not more than \$2 million, including both personal and business investments;

- b. A partnership or corporation, including a professional practice, which has its principal office in this state and has at the time the action is initiated by a state agency not more than 25 full-time employees or a net worth of not more than \$2 million; or
- c. An individual whose net worth did not exceed \$2 million at the time the action is initiated by a state agency when the action is brought against that individual's license to engage in the practice or operation of a business, profession, or trade; or
- 2. Any small business party as defined in subparagraph 1., without regard to the number of its employees or its net worth, in any action under s. 72.011 or in any administrative proceeding under that section to contest the legality of any assessment of tax imposed for the sale or use of services as provided in chapter 212, or interest thereon, or penalty therefor; or
- 3. Any small business as defined in s. 288.703 in any administrative proceeding pursuant to chapter 120 and any appeal thereof.
- (e) A proceeding is "substantially justified" if it had a reasonable basis in law and fact at the time it was initiated by a state agency. A proceeding is not substantially justified if

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the agency action involves identical or substantially similar facts and circumstances and the specified law, rule, or order on which the party substantially affected by the agency action petitioned for a declaratory statement under s. 120.565, and:

- 1. The agency action contradicts a declaratory statement issued under s. 120.565 to the substantially affected party; or
- 2. The agency denied the petition under s. 120.565 before initiating the agency action against the substantially affected party.

Section 2. Present subsections (18) through (22) of section 120.52, Florida Statutes, are renumbered as subsections (19) through (23), respectively, and a new subsection (18) is added to that section, to read:

120.52 Definitions.—As used in this act:

(18) "Small business" has the same meaning as provided in s. 288.703.

Section 3. Section 120.55, Florida Statutes, is amended to read:

120.55 Publication.-

- (1) The Department of State shall:
- (a) 1. Through a continuous revision and publication system, compile and publish electronically, on an Internet website managed by the department, the "Florida Administrative Code." The Florida Administrative Code shall contain all rules adopted by each agency, citing the grant of rulemaking authority and the specific law implemented pursuant to which each rule was adopted, all history notes as authorized in s. 120.545(7), complete indexes to all rules contained in the code, and any other material required or authorized by law or deemed useful by

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the department. The electronic code shall display each rule chapter currently in effect in browse mode and allow full text search of the code and each rule chapter. The department may contract with a publishing firm for a printed publication; however, the department shall retain responsibility for the code as provided in this section. The electronic publication shall be the official compilation of the administrative rules of this state. The Department of State shall retain the copyright over the Florida Administrative Code.

- 2. Rules general in form but applicable to only one school district, community college district, or county, or a part thereof, or state university rules relating to internal personnel or business and finance shall not be published in the Florida Administrative Code. Exclusion from publication in the Florida Administrative Code shall not affect the validity or effectiveness of such rules.
- 3. At the beginning of the section of the code dealing with an agency that files copies of its rules with the department, the department shall publish the address and telephone number of the executive offices of each agency, the manner by which the agency indexes its rules, a listing of all rules of that agency excluded from publication in the code, and a statement as to where those rules may be inspected.
- 4. Forms shall not be published in the Florida Administrative Code; but any form which an agency uses in its dealings with the public, along with any accompanying instructions, shall be filed with the committee before it is used. Any form or instruction which meets the definition of "rule" provided in s. 120.52 shall be incorporated by reference

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into the appropriate rule. The reference shall specifically state that the form is being incorporated by reference and shall include the number, title, and effective date of the form and an explanation of how the form may be obtained. Each form created by an agency which is incorporated by reference in a rule notice of which is given under s. 120.54(3)(a) after December 31, 2007, must clearly display the number, title, and effective date of the form and the number of the rule in which the form is incorporated.

- 5. The department shall allow adopted rules and material incorporated by reference to be filed in electronic form as prescribed by department rule. When a rule is filed for adoption with incorporated material in electronic form, the department's publication of the Florida Administrative Code on its Internet website must contain a hyperlink from the incorporating reference in the rule directly to that material. The department may not allow hyperlinks from rules in the Florida Administrative Code to any material other than that filed with and maintained by the department, but may allow hyperlinks to incorporated material maintained by the department from the adopting agency's website or other sites.
- (b) Electronically publish on an Internet website managed by the department a continuous revision and publication entitled the "Florida Administrative Register," which shall serve as the official publication and must contain:
- 1. All notices required under s. 120.54(2) and (3)(a) by s. $\frac{120.54(3)(a)}{a}$, showing the text of all rules proposed for consideration.
 - 2. All notices of public meetings, hearings, and workshops

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conducted in accordance with s. 120.525, including a statement of the manner in which a copy of the agenda may be obtained.

- 3. A notice of each request for authorization to amend or repeal an existing uniform rule or for the adoption of new uniform rules.
- 4. Notice of petitions for declaratory statements or administrative determinations.
- 5. A summary of each objection to any rule filed by the Administrative Procedures Committee.
- 6. A listing of rules filed for adoption in the previous 7 calendar days.
- 7. A listing of all rules filed for adoption pending legislative ratification under s. 120.541(3) until notice of ratification or withdrawal of such rule is received.
- 8.6. Any other material required or authorized by law or deemed useful by the department.

The department may contract with a publishing firm for a printed publication of the Florida Administrative Register and make copies available on an annual subscription basis.

- (c) Prescribe by rule the style and form required for rules, notices, and other materials submitted for filing.
- (d) Charge each agency using the Florida Administrative Register a space rate to cover the costs related to the Florida Administrative Register and the Florida Administrative Code.
- (e) Maintain a permanent record of all notices published in the Florida Administrative Register.
- (2) The Florida Administrative Register Internet website must allow users to:

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- (a) Search for notices by type, publication date, rule number, word, subject, and agency.
- (b) Search a database that makes available all notices published on the website for a period of at least 5 years.
- (c) Subscribe to an automated e-mail notification of selected notices to be sent out before or concurrently with publication of the electronic Florida Administrative Register. Such notification must include in the text of the e-mail a summary of the content of each notice.
- (d) View agency forms and other materials submitted to the department in electronic form and incorporated by reference in proposed rules.
 - (e) Comment on proposed rules.
- (3) Publication of material required by paragraph (1) (b) on the Florida Administrative Register Internet website does not preclude publication of such material on an agency's website or by other means.
- (4) Each agency shall provide copies of its rules upon request, with citations to the grant of rulemaking authority and the specific law implemented for each rule.
- (5) Each agency that provides an e-mail alert service to inform licensees or other registered recipients of important notices shall use such service to notify recipients of each notice required under s. 120.54(2) and (3)(a), including, but not limited to, notice of rule development, notice of proposed rules, and notice of filing rules for adoption, and provide Internet links to the appropriate rule page on the Secretary of State's website, or Internet links to an agency website that contains the proposed rule or final rule.

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- (6) Any publication of a proposed rule promulgated by an agency, whether published in the Florida Administrative Register or elsewhere, shall include, along with the rule, the name of the person or persons originating such rule, the name of the agency head who approved the rule, and the date upon which the rule was approved.
- (7)(6) Access to the Florida Administrative Register Internet website and its contents, including the e-mail notification service, shall be free for the public.
- $(8) \frac{(7)}{(7)}$ (a) All fees and moneys collected by the Department of State under this chapter shall be deposited in the Records Management Trust Fund for the purpose of paying for costs incurred by the department in carrying out this chapter.
- (b) The unencumbered balance in the Records Management Trust Fund for fees collected pursuant to this chapter may not exceed \$300,000 at the beginning of each fiscal year, and any excess shall be transferred to the General Revenue Fund.
- Section 4. Paragraph (b) of subsection (1), paragraph (a) of subsection (2), and subsection (4) of section 120.56, Florida Statutes, are amended to read:
 - 120.56 Challenges to rules.—
- (1) GENERAL PROCEDURES FOR CHALLENGING THE VALIDITY OF A RULE OR A PROPOSED RULE.-
- (b) The petition challenging the validity of a proposed or adopted rule or an agency statement defined as a rule under this section seeking an administrative determination must state with particularity:
- 1. The provisions alleged to be invalid and a statement with sufficient explanation of the facts establishing a prima

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facie case of or grounds for the alleged invalidity; and

- 2. Facts sufficient to show that the petitioner person challenging a rule is substantially affected by the challenged adopted rule or agency statement defined as a rule it, or that the person challenging a proposed rule would be substantially affected by the proposed rule it.
 - (2) CHALLENGING PROPOSED RULES; SPECIAL PROVISIONS.-
- (a) A substantially affected person may seek an administrative determination of the invalidity of a proposed rule by filing a petition seeking such a determination with the division within 21 days after the date of publication of the notice required by s. 120.54(3)(a); within 10 days after the final public hearing is held on the proposed rule as provided by s. 120.54(3)(e)2.; within 20 days after the statement of estimated regulatory costs or revised statement of estimated regulatory costs, if applicable, has been prepared and made available as provided in s. 120.541(1)(d); or within 20 days after the date of publication of the notice required by s. 120.54(3)(d). The petition must state with particularity the objections to the proposed rule and the reasons that the proposed rule is an invalid exercise of delegated legislative authority. The petitioner has the burden of presenting a prima facie case demonstrating the invalidity of the proposed rule going forward. The agency then has the burden to prove by a preponderance of the evidence that the proposed rule is not an invalid exercise of delegated legislative authority as to the objections raised. A person who is substantially affected by a change in the proposed rule may seek a determination of the validity of such change. A person who is not substantially

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affected by the proposed rule as initially noticed, but who is substantially affected by the rule as a result of a change, may challenge any provision of the resulting rule and is not limited to challenging the change to the proposed rule.

- (4) CHALLENGING AGENCY STATEMENTS DEFINED AS UNADOPTED RULES; SPECIAL PROVISIONS.-
- (a) Any person substantially affected by an agency statement that is an unadopted rule may seek an administrative determination that the statement violates s. 120.54(1)(a). The petition shall include the text of the statement or a description of the statement and shall state with particularity facts sufficient to show that the statement constitutes an $\frac{a}{b}$ unadopted rule under s. 120.52 and that the agency has not adopted the statement by the rulemaking procedure provided by s. 120.54.
- (b) The administrative law judge may extend the hearing date beyond 30 days after assignment of the case for good cause. Upon notification to the administrative law judge provided before the final hearing that the agency has published a notice of rulemaking under s. 120.54(3), such notice shall automatically operate as a stay of proceedings pending adoption of the statement as a rule. The administrative law judge may vacate the stay for good cause shown. A stay of proceedings pending rulemaking shall remain in effect so long as the agency is proceeding expeditiously and in good faith to adopt the statement as a rule. If a hearing is held and the petitioner proves the allegations of the petition, the agency shall have the burden of proving
 - (c) The petitioner has the burden of presenting a prima

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facie case demonstrating that the agency statement constitutes an unadopted rule. The agency then has the burden to prove by a preponderance of the evidence that the statement does not meet the definition of an unadopted rule, that the statement was adopted as a rule in compliance with s. 120.54, or that rulemaking is not feasible or not practicable under s. 120.54(1)(a).

(d) (e) The administrative law judge may determine whether all or part of a statement violates s. 120.54(1)(a). The decision of the administrative law judge shall constitute a final order. The division shall transmit a copy of the final order to the Department of State and the committee. The Department of State shall publish notice of the final order in the first available issue of the Florida Administrative Weekly.

(e) (d) If an administrative law judge enters a final order that all or part of an unadopted rule agency statement violates s. 120.54(1)(a), the agency must immediately discontinue all reliance upon the unadopted rule statement or any substantially similar statement as a basis for agency action.

(f) (e) If proposed rules addressing the challenged <u>unadopted rule</u> statement are determined to be an invalid exercise of delegated legislative authority as defined in s. 120.52(8)(b)-(f), the agency must immediately discontinue reliance on the unadopted rule statement and any substantially similar statement until rules addressing the subject are properly adopted, and the administrative law judge shall enter a final order to that effect.

 $(q) \xrightarrow{(f)}$ All proceedings to determine a violation of s. 120.54(1)(a) shall be brought pursuant to this subsection. A

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proceeding pursuant to this subsection may be consolidated with a proceeding under subsection (3) or under any other section of this chapter. This paragraph does not prevent a party whose substantial interests have been determined by an agency action from bringing a proceeding pursuant to s. 120.57(1)(e).

Section 5. Paragraph (1) of subsection (2) of section 120.569, Florida Statutes, is amended to read:

120.569 Decisions which affect substantial interests.-(2)

- (1) Unless the time period is waived or extended with the consent of all parties, the final order in a proceeding which affects substantial interests must be in writing and include findings of fact, if any, and conclusions of law separately stated, and it must be rendered within 90 days:
- 1. After the hearing is concluded, if conducted by the agency;
- 2. After a recommended order is submitted to the agency and mailed to all parties, if the hearing is conducted by an administrative law judge; provided that, at the election of the agency, the time for rendering the final order may be extended until 10 days after entry of final judgment on any appeal from a final order under s. 120.57(1)(e)5.; or
- 3. After the agency has received the written and oral material it has authorized to be submitted, if there has been no hearing.
- Section 6. Paragraphs (e) and (h) of subsection (1) and subsection (2) of section 120.57, Florida Statutes, are amended to read:
 - 120.57 Additional procedures for particular cases.-

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- (1) ADDITIONAL PROCEDURES APPLICABLE TO HEARINGS INVOLVING DISPUTED ISSUES OF MATERIAL FACT.-
- (e) 1. An agency or an administrative law judge may not base agency action that determines the substantial interests of a party on an unadopted rule or a rule that is an invalid exercise of delegated legislative authority. The administrative law judge shall determine whether an agency statement constitutes an unadopted rule. This subparagraph does not preclude application of valid adopted rules and applicable provisions of law to the facts.
- 2. In a matter initiated by agency action proposing to determine the substantive interests of a party, the party's timely petition for hearing may challenge the proposed agency action as based on a rule that is an invalid exercise of delegated legislative authority or based on an unadopted rule. For challenges brought under this subsection:
- a. The challenge shall be pled as a defense with the particularity required in s. 120.56(1)(b).
- b. Section 120.56(3)(a) applies to a challenge alleging a rule is an invalid exercise of delegated legislative authority.
- c. Section 120.56(4)(c) applies to a challenge alleging an unadopted rule.
- d. The agency shall have 15 days from the date of receiving a challenge under this paragraph to serve the challenging party with a notice that the agency will continue to rely upon the rule or the alleged unadopted rule as a basis for the action determining the party's substantive interests. Failure to timely serve the notice shall constitute a binding stipulation that the agency shall not rely upon the rule or unadopted rule further in

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the proceeding. The agency shall include a copy of this notice with the referral of the matter to the division under s. 120.569(2)(a).

- e. This subparagraph does not preclude the consolidation of any proceeding under s. 120.56 with any proceeding under this paragraph.
- 3.2. Notwithstanding subparagraph 1., if an agency demonstrates that the statute being implemented directs it to adopt rules, that the agency has not had time to adopt those rules because the requirement was so recently enacted, and that the agency has initiated rulemaking and is proceeding expeditiously and in good faith to adopt the required rules, then the agency's action may be based upon those unadopted rules if, subject to de novo review by the administrative law judge determines rulemaking is neither feasible nor practicable and the unadopted rules would not constitute an invalid exercise of delegated legislative authority if adopted as rules. An unadopted rule The agency action shall not be presumed valid or invalid. The agency must demonstrate that the unadopted rule:
- a. Is within the powers, functions, and duties delegated by the Legislature or, if the agency is operating pursuant to authority vested in the agency by derived from the State Constitution, is within that authority;
- b. Does not enlarge, modify, or contravene the specific provisions of law implemented;
- c. Is not vaque, establishes adequate standards for agency decisions, or does not vest unbridled discretion in the agency;
- d. Is not arbitrary or capricious. A rule is arbitrary if it is not supported by logic or the necessary facts; a rule is

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capricious if it is adopted without thought or reason or is irrational;

- e. Is not being applied to the substantially affected party without due notice; and
- f. Does not impose excessive regulatory costs on the regulated person, county, or city.
- 4. The administrative law judge shall determine under subparagraph 2. whether a rule is an invalid exercise of delegated legislative authority or an agency statement constitutes an unadopted rule and shall determine whether an unadopted rule meets the requirements of subparagraph 3. The determination shall be rendered as a separate final order no earlier than the date on which the administrative law judge serves the recommended order.
- 5.3. The recommended and final orders in any proceeding shall be governed by the provisions of paragraphs (k) and (l), except that the administrative law judge's determination regarding an unadopted rule under subparagraph 4. 1. or subparagraph 2. shall be included as a conclusion of law that the agency may not reject not be rejected by the agency unless the agency first determines from a review of the complete record, and states with particularity in the order, that such determination is clearly erroneous or does not comply with essential requirements of law. In any proceeding for review under s. 120.68, if the court finds that the agency's rejection of the determination regarding the unadopted rule does not comport with the provisions of this subparagraph, the agency action shall be set aside and the court shall award to the prevailing party the reasonable costs and a reasonable

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attorney's fee for the initial proceeding and the proceeding review.

- (h) Any party to a proceeding in which an administrative law judge of the Division of Administrative Hearings has final order authority may move for a summary final order when there is no genuine issue as to any material fact. A summary final order shall be rendered if the administrative law judge determines from the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, that no genuine issue as to any material fact exists and that the moving party is entitled as a matter of law to the entry of a final order. A summary final order shall consist of findings of fact, if any, conclusions of law, a disposition or penalty, if applicable, and any other information required by law to be contained in the final order. This paragraph does not apply to proceedings authorized under paragraph (e).
- (2) ADDITIONAL PROCEDURES APPLICABLE TO HEARINGS NOT INVOLVING DISPUTED ISSUES OF MATERIAL FACT. - In any case to which subsection (1) does not apply:
 - (a) The agency shall:
- 1. Give reasonable notice to affected persons of the action of the agency, whether proposed or already taken, or of its decision to refuse action, together with a summary of the factual, legal, and policy grounds therefor.
- 2. Give parties or their counsel the option, at a convenient time and place, to present to the agency or hearing officer written or oral evidence in opposition to the action of the agency or to its refusal to act, or a written statement challenging the grounds upon which the agency has chosen to

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justify its action or inaction.

- 3. If the objections of the parties are overruled, provide a written explanation within 7 days.
- (b) An agency may not base agency action that determines the substantial interests of a party on an unadopted rule or a rule that is an invalid exercise of delegated legislative authority. No later than the date provided by the agency under subparagraph (a) 2. for presenting material in opposition to the agency's proposed action or refusal to act, the party may file a petition under s. 120.56 challenging the rule, portion of rule, or unadopted rule on which the agency bases its proposed action or refusal to act. The filing of a challenge under s. 120.56 pursuant to this paragraph shall stay all proceedings on the agency's proposed action or refusal to act until entry of the final order by the administrative law judge, which shall provide additional notice that the stay of the pending agency action is terminated and any further stay pending appeal of the final order must be sought from the appellate court.

(c) (b) The record shall only consist of:

- 1. The notice and summary of grounds.
- 2. Evidence received.
- 3. All written statements submitted.
- 4. Any decision overruling objections.
- 5. All matters placed on the record after an ex parte communication.
 - 6. The official transcript.
- 7. Any decision, opinion, order, or report by the presiding officer.
 - Section 7. Section 120.573, Florida Statutes, is amended to



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120.573 Mediation of disputes.-

(1) Each announcement of an agency action that affects substantial interests shall advise whether mediation of the administrative dispute for the type of agency action announced is available and that choosing mediation does not affect the right to an administrative hearing. If the agency and all parties to the administrative action agree to mediation, in writing, within 10 days after the time period stated in the announcement for election of an administrative remedy under ss. 120.569 and 120.57, the time limitations imposed by ss. 120.569 and 120.57 shall be tolled to allow the agency and parties to mediate the administrative dispute. The mediation shall be concluded within 60 days of such agreement unless otherwise agreed by the parties. The mediation agreement shall include provisions for mediator selection, the allocation of costs and fees associated with mediation, and the mediating parties' understanding regarding the confidentiality of discussions and documents introduced during mediation. If mediation results in settlement of the administrative dispute, the agency shall enter a final order incorporating the agreement of the parties. If mediation terminates without settlement of the dispute, the agency shall notify the parties in writing that the administrative hearing processes under ss. 120.569 and 120.57 are resumed.

(2) Any party to a proceeding conducted pursuant to a petition seeking an administrative determination of the invalidity of an existing rule, proposed rule, or unadopted agency statement under s. 120.56 or a proceeding conducted

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pursuant to a petition seeking a declaratory statement under s. 120.565 may request mediation of the dispute under this section. Section 8. Section 120.595, Florida Statutes, is amended to

120.595 Attorney Attorney's fees.

- (1) CHALLENGES TO AGENCY ACTION PURSUANT TO SECTION 120.57(1).-
- (a) The provisions of this subsection are supplemental to, and do not abrogate, other provisions allowing the award of fees or costs in administrative proceedings.
- (b) The final order in a proceeding pursuant to s. 120.57(1) shall award reasonable costs and $\frac{1}{2}$ reasonable attorney fees attorney's fee to the prevailing party if the administrative law judge determines only where the nonprevailing adverse party has been determined by the administrative law judge to have participated in the proceeding for an improper purpose.
- 1.(c) Other than as provided in paragraph (d), in proceedings pursuant to s. 120.57(1), and upon motion, the administrative law judge shall determine whether any party participated in the proceeding for an improper purpose as defined by this subsection. In making such determination, the administrative law judge shall consider whether The nonprevailing adverse party shall be presumed to have participated in the pending proceeding for an improper purpose if:
- a. Such party was an adverse party has participated in two or more other such proceedings involving the same prevailing party and the same subject; project as an adverse party and in

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- b. In those which such two or more proceedings the nonprevailing adverse party did not establish either the factual or legal merits of its position; , and shall consider
- c. Whether The factual or legal position asserted in the pending instant proceeding would have been cognizable in the previous proceedings; and. In such event, it shall be rebuttably presumed that the nonprevailing adverse party participated in the pending proceeding for an improper purpose
- d. The nonprevailing adverse party has not rebutted the presumption of participating in the pending proceeding for an improper purpose.
- 2.(d) If In any proceeding in which the administrative law judge determines that a party is determined to have participated in the proceeding for an improper purpose, the recommended order shall include such findings of fact and conclusions of law to establish the conclusion so designate and shall determine the award of costs and attorney attorney's fees.
 - (c) (e) For the purpose of this subsection:
- 1. "Improper purpose" means participation in a proceeding pursuant to s. 120.57(1) primarily to harass or to cause unnecessary delay or for frivolous purpose or to needlessly increase the cost of litigation, licensing, or securing the approval of an activity.
- 2. "Costs" has the same meaning as the costs allowed in civil actions in this state as provided in chapter 57.
- 3. "Nonprevailing adverse party" means a party that has failed to have substantially changed the outcome of the proposed or final agency action which is the subject of a proceeding. In the event that a proceeding results in any substantial

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modification or condition intended to resolve the matters raised in a party's petition, it shall be determined that the party having raised the issue addressed is not a nonprevailing adverse party. The recommended order shall state whether the change is substantial for purposes of this subsection. In no event shall the term "nonprevailing party" or "prevailing party" be deemed to include any party that has intervened in a previously existing proceeding to support the position of an agency.

- (d) For challenges brought under s. 120.57(1)(e), if the appellate court or the administrative law judge declares a rule or portion of a rule to be invalid or that the agency statement is an unadopted rule which does not meet the requirements of s. 120.57(1)(e)4., a judgment or order shall be rendered against the agency for reasonable costs and reasonable attorney fees, unless the agency demonstrates that special circumstances exist which would make the award unjust. Reasonable costs and reasonable attorney fees shall be awarded only for the period beginning 15 days after the receipt of the petition for hearing challenging the rule or unadopted rule. If the agency prevails in the proceedings, the appellate court or administrative law judge shall award reasonable costs and reasonable attorney fees against a party if the appellate court or administrative law judge determines that a party participated in the proceedings for an improper purpose as defined by paragraph (c). An award of attorney fees as provided by this subsection may not exceed \$50,000.
- (2) CHALLENGES TO PROPOSED AGENCY RULES PURSUANT TO SECTION 120.56(2).—If the appellate court or administrative law judge declares a proposed rule or portion of a proposed rule invalid

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pursuant to s. 120.56(2), a judgment or order shall be rendered against the agency for reasonable costs and reasonable attorney attorney's fees, unless the agency demonstrates that its actions were substantially justified or special circumstances exist which would make the award unjust. An agency's actions are "substantially justified" if there was a reasonable basis in law and fact at the time the actions were taken by the agency. If the agency prevails in the proceedings, the appellate court or administrative law judge shall award reasonable costs and reasonable attorney attorney's fees against a party if the appellate court or administrative law judge determines that a party participated in the proceedings for an improper purpose as defined by paragraph (1)(c) $\frac{(1)(e)}{(1)(e)}$. An No award of attorney attorney's fees as provided by this subsection may not shall exceed \$50,000.

(3) CHALLENGES TO EXISTING AGENCY RULES PURSUANT TO SECTION 120.56(3) AND (5).—If the appellate court or administrative law judge declares a rule or portion of a rule invalid pursuant to s. 120.56(3) or (5), a judgment or order shall be rendered against the agency for reasonable costs and reasonable attorney attorney's fees, unless the agency demonstrates that its actions were substantially justified or special circumstances exist which would make the award unjust. An agency's actions are "substantially justified" if there was a reasonable basis in law and fact at the time the actions were taken by the agency. If the agency prevails in the proceedings, the appellate court or administrative law judge shall award reasonable costs and reasonable attorney attorney's fees against a party if the appellate court or administrative law judge determines that a

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party participated in the proceedings for an improper purpose as defined by paragraph (1)(c) $\frac{(1)(e)}{(1)(e)}$. An No award of attorney attorney's fees as provided by this subsection may not shall exceed \$50,000.

- (4) CHALLENGES TO UNADOPTED RULES AGENCY ACTION PURSUANT TO SECTION 120.56(4).-
- (a) If the appellate court or administrative law judge determines that all or part of an unadopted rule agency statement violates s. 120.54(1)(a), or that the agency must immediately discontinue reliance on the unadopted rule statement and any substantially similar statement pursuant to s. 120.56(4)(e), a judgment or order shall be entered against the agency for reasonable costs and reasonable attorney attorney's fees, unless the agency demonstrates that the statement is required by the Federal Government to implement or retain a delegated or approved program or to meet a condition to receipt of federal funds.
- (b) Upon notification to the administrative law judge provided before the final hearing that the agency has published a notice of rulemaking under s. 120.54(3)(a), such notice shall automatically operate as a stay of proceedings pending rulemaking. The administrative law judge may vacate the stay for good cause shown. A stay of proceedings under this paragraph remains in effect so long as the agency is proceeding expeditiously and in good faith to adopt the statement as a rule. The administrative law judge shall award reasonable costs and reasonable attorney attorney's fees incurred accrued by the petitioner before prior to the date the notice was published, unless the agency proves to the administrative law judge that it

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did not know and should not have known that the statement was unadopted rule. Attorneys' fees and costs under this paragraph and paragraph (a) shall be awarded only upon a finding that the agency received notice that the statement may constitute an unadopted rule at least 30 days before a petition under s. 120.56(4) was filed and that the agency failed to publish the required notice of rulemaking pursuant to s. 120.54(3) that addresses the statement within that 30-day period. Notice to the agency may be satisfied by its receipt of a copy of the s. 120.56(4) petition, a notice or other paper containing substantially the same information, or a petition filed pursuant to s. 120.54(7). An award of attorney attorney's fees as provided by this paragraph may not exceed \$50,000.

- (c) Notwithstanding the provisions of chapter 284, an award shall be paid from the budget entity of the secretary, executive director, or equivalent administrative officer of the agency, and the agency is shall not be entitled to payment of an award or reimbursement for payment of an award under any provision of law.
- (d) If the agency prevails in the proceedings, the appellate court or administrative law judge shall award reasonable costs and attorney attorney's fees against a party if the appellate court or administrative law judge determines that the party participated in the proceedings for an improper purpose as defined in paragraph (1)(c)(e) or that the party or the party's attorney knew or should have known that a claim was not supported by the material facts necessary to establish the claim or would not be supported by the application of thenexisting law to those material facts.

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- (5) APPEALS.—When there is an appeal, the court in its discretion may award reasonable attorney attorney's fees and reasonable costs to the prevailing party if the court finds that the appeal was frivolous, meritless, or an abuse of the appellate process, or that the agency action which precipitated the appeal was a gross abuse of the agency's discretion. Upon review of agency action that precipitates an appeal, if the court finds that the agency improperly rejected or modified findings of fact in a recommended order, the court shall award reasonable attorney attorney's fees and reasonable costs to a prevailing appellant for the administrative proceeding and the appellate proceeding.
- (6) NOTICE OF INVALIDITY.—A party failing to serve a notice of invalidity under this subsection is not entitled to an award of reasonable costs and reasonable attorney fees under this section except as provided in paragraph (d).
- (a) Before filing a petition challenging the validity of a proposed rule under s. 120.56(2), an adopted rule under s. 120.56(3), or an agency statement defined as an unadopted rule under s. 120.56(4), the substantially affected person shall serve the agency head with notice of the proposed challenge. The notice shall identify the proposed or adopted rule or the unadopted rule the person proposes to challenge and a brief explanation of the basis for that challenge. The notice must be received by the agency head at least 5 days before the filing of a petition under s. 120.56(2), and at least 30 days before the filing of a petition under s. 120.56(3) or s. 120.56(4).
- (b) Reasonable costs and reasonable attorney fees shall be awarded only for the period beginning after the date on which

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the agency head receives the notice of invalidity under paragraph (a).

- (c) Within the time limits specified in paragraph (a), if the agency provides the substantially affected person with written notice that the agency will not adopt the proposed rule or will not rely upon the adopted rule or the agency statement defined as an unadopted rule until after the agency has complied with the requirements of s. 120.54 to amend the proposed rule or the adopted rule or adopt the unadopted rule, such written notice shall constitute a special circumstance under this section.
- (d) This subsection does not apply to defenses raised and challenges authorized by s. 120.57(1)(e) or s. 120.57(2)(b).
- (7) DETERMINATION OF RECOVERABLE FEES AND COSTS.—For purposes of this chapter, s. 57.105(5), and s. 57.111, in addition to an award of attorney fees and costs, the prevailing party shall also recover attorney fees and costs incurred in litigating entitlement to, and the determination or quantification of, attorney fees and costs for the underlying matter. Attorney fees and costs awarded for litigating entitlement to, and the determination or quantification of, attorney fees and costs for the underlying matter are not subject to the limitations on amounts provided in this chapter or s. 57.111.
- (8) (6) OTHER SECTIONS NOT AFFECTED.—Other provisions, including ss. 57.105 and 57.111, authorize the award of attorney attorney's fees and costs in administrative proceedings. Nothing in this section shall affect the availability of attorney attorney's fees and costs as provided in those sections.

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Section 9. Subsections (1), (2), and (9) of section 120.68, Florida Statutes, are amended to read:

120.68 Judicial review.-

- (1) (a) A party who is adversely affected by final agency action is entitled to judicial review.
- (b) A preliminary, procedural, or intermediate order of the agency or of an administrative law judge of the Division of Administrative Hearings, or a final order under s. 120.57(1)(e)4., is immediately reviewable if review of the final agency decision would not provide an adequate remedy.
- (2)(a) Judicial review shall be sought in the appellate district where the agency maintains its headquarters or where a party resides or as otherwise provided by law.
- (b) All proceedings shall be instituted by filing a notice of appeal or petition for review in accordance with the Florida Rules of Appellate Procedure within 30 days after the date that rendition of the order being appealed was filed with the agency clerk. Such time is hereby extended for any party 10 days from receipt by such party of the notice of the order, if such notice is received after the 25th day from the filing of the order. If the appeal is of an order rendered in a proceeding initiated under s. 120.56, or a final order under s. 120.57(1)(e)4., the agency whose rule is being challenged shall transmit a copy of the notice of appeal to the committee.
- (c) (b) When proceedings under this chapter are consolidated for final hearing and the parties to the consolidated proceeding seek review of final or interlocutory orders in more than one district court of appeal, the courts of appeal are authorized to transfer and consolidate the review proceedings. The court may

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transfer such appellate proceedings on its own motion, upon motion of a party to one of the appellate proceedings, or by stipulation of the parties to the appellate proceedings. In determining whether to transfer a proceeding, the court may consider such factors as the interrelationship of the parties and the proceedings, the desirability of avoiding inconsistent results in related matters, judicial economy, and the burden on the parties of reproducing the record for use in multiple appellate courts.

(9) No petition challenging an agency rule as an invalid exercise of delegated legislative authority shall be instituted pursuant to this section, except to review an order entered pursuant to a proceeding under s. 120.56, under s. 120.57(1)(e)5., or under s. 120.57(2)(b), or an agency's findings of immediate danger, necessity, and procedural fairness prerequisite to the adoption of an emergency rule pursuant to s. 120.54(4), unless the sole issue presented by the petition is the constitutionality of a rule and there are no disputed issues of fact.

Section 10. Subsection (2) of section 120.695, Florida Statutes, is amended to read:

120.695 Notice of noncompliance.-

(2) (a) Each agency shall issue a notice of noncompliance as a first response to a minor violation of a rule. A "notice of noncompliance" is a notification by the agency charged with enforcing the rule issued to the person or business subject to the rule. A notice of noncompliance may not be accompanied with a fine or other disciplinary penalty. It must identify the specific rule that is being violated, provide information on how

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to comply with the rule, and specify a reasonable time for the violator to comply with the rule. A rule is agency action that regulates a business, occupation, or profession, or regulates a person operating a business, occupation, or profession, and that, if not complied with, may result in a disciplinary penalty.

- (b) Each agency shall review all of its rules and designate those for which A violation would be a minor violation and for which a notice of noncompliance must be the first enforcement action taken against a person or business subject to regulation-A violation of a rule is a minor violation if it does not result in economic or physical harm to a person or adversely affect the public health, safety, or welfare or create a significant threat of such harm. If an agency under the direction of a cabinet officer mails to each licensee a notice of the designated rules at the time of licensure and at least annually thereafter, the provisions of paragraph (a) may be exercised at the discretion of the agency. Such notice shall include a subject-matter index of the rules and information on how the rules may be obtained.
- (c) The agency's review and designation must be completed by December 1, 1995; each agency under the direction of the Governor shall make a report to the Governor, and each agency under the joint direction of the Governor and Cabinet shall report to the Governor and Cabinet by January 1, 1996, on which of its rules have been designated as rules the violation of which would be a minor violation.
- (d) The Governor or the Governor and Cabinet, as appropriate pursuant to paragraph (c), may evaluate the review and designation effects of each agency and may apply a different

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designation than that applied by the agency.

(c) (e) This section does not apply to the regulation of law enforcement personnel or teachers.

(f) Designation pursuant to this section is not subject challenge under this chapter.

Section 11. Paragraph (a) of subsection (1) of section 420.9072, Florida Statutes, is amended to read:

420.9072 State Housing Initiatives Partnership Program.-The State Housing Initiatives Partnership Program is created for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment.

(1) (a) In addition to the legislative findings set forth in s. 420.6015, the Legislature finds that affordable housing is most effectively provided by combining available public and private resources to conserve and improve existing housing and provide new housing for very-low-income households, low-income households, and moderate-income households. The Legislature intends to encourage partnerships in order to secure the benefits of cooperation by the public and private sectors and to reduce the cost of housing for the target group by effectively combining all available resources and cost-saving measures. The Legislature further intends that local governments achieve this combination of resources by encouraging active partnerships between government, lenders, builders and developers, real estate professionals, advocates for low-income persons, and

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community groups to produce affordable housing and provide related services. Extending the partnership concept to encompass cooperative efforts among small counties as defined in s. 120.52 $\frac{120.52(19)}{1}$, and among counties and municipalities is specifically encouraged. Local governments are also intended to establish an affordable housing advisory committee to recommend monetary and nonmonetary incentives for affordable housing as provided in s. 420.9076.

Section 12. Subsection (7) of section 420.9075, Florida Statutes, is amended to read:

420.9075 Local housing assistance plans; partnerships.-

(7) The moneys deposited in the local housing assistance trust fund shall be used to administer and implement the local housing assistance plan. The cost of administering the plan may not exceed 5 percent of the local housing distribution moneys and program income deposited into the trust fund. A county or an eligible municipality may not exceed the 5-percent limitation on administrative costs, unless its governing body finds, by resolution, that 5 percent of the local housing distribution plus 5 percent of program income is insufficient to adequately pay the necessary costs of administering the local housing assistance plan. The cost of administering the program may not exceed 10 percent of the local housing distribution plus 5 percent of program income deposited into the trust fund, except that small counties, as defined in s. $120.52 \frac{120.52(19)}{}$, and eligible municipalities receiving a local housing distribution of up to \$350,000 may use up to 10 percent of program income for administrative costs.

Section 13. Paragraph (d) of subsection (1) of section



443.091, Florida Statutes, is amended to read:

443.091 Benefit eligibility conditions.-

- (1) An unemployed individual is eligible to receive benefits for any week only if the Department of Economic Opportunity finds that:
- (d) She or he is able to work and is available for work. In order to assess eligibility for a claimed week of unemployment, the department shall develop criteria to determine a claimant's ability to work and availability for work. A claimant must be actively seeking work in order to be considered available for work. This means engaging in systematic and sustained efforts to find work, including contacting at least five prospective employers for each week of unemployment claimed. The department may require the claimant to provide proof of such efforts to the one-stop career center as part of reemployment services. The department shall conduct random reviews of work search information provided by claimants. As an alternative to contacting at least five prospective employers for any week of unemployment claimed, a claimant may, for that same week, report in person to a one-stop career center to meet with a representative of the center and access reemployment services of the center. The center shall keep a record of the services or information provided to the claimant and shall provide the records to the department upon request by the department.
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1. Notwithstanding any other provision of this paragraph or paragraphs (b) and (e), an otherwise eligible individual may not be denied benefits for any week because she or he is in training with the approval of the department, or by reason of s.

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443.101(2) relating to failure to apply for, or refusal to accept, suitable work. Training may be approved by the department in accordance with criteria prescribed by rule. A claimant's eligibility during approved training is contingent upon satisfying eligibility conditions prescribed by rule.

- 2. Notwithstanding any other provision of this chapter, an otherwise eligible individual who is in training approved under s. 236(a)(1) of the Trade Act of 1974, as amended, may not be determined ineligible or disqualified for benefits due to enrollment in such training or because of leaving work that is not suitable employment to enter such training. As used in this subparagraph, the term "suitable employment" means work of a substantially equal or higher skill level than the worker's past adversely affected employment, as defined for purposes of the Trade Act of 1974, as amended, the wages for which are at least 80 percent of the worker's average weekly wage as determined for purposes of the Trade Act of 1974, as amended.
- 3. Notwithstanding any other provision of this section, an otherwise eliqible individual may not be denied benefits for any week because she or he is before any state or federal court pursuant to a lawfully issued summons to appear for jury duty.
- 4. Union members who customarily obtain employment through a union hiring hall may satisfy the work search requirements of this paragraph by reporting daily to their union hall.
- 5. The work search requirements of this paragraph do not apply to persons who are unemployed as a result of a temporary layoff or who are claiming benefits under an approved short-time compensation plan as provided in s. 443.1116.
 - 6. In small counties as defined in s. $120.52 \frac{120.52(19)}{}$, a



claimant engaging in systematic and sustained efforts to find work must contact at least three prospective employers for each week of unemployment claimed.

Section 14. This act shall take effect July 1, 2013.

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======== T I T L E A M E N D M E N T =========

947 And the title is amended as follows:

> Delete everything before the enacting clause and insert:

> > A bill to be entitled

An act relating to administrative procedures; amending s. 57.111, F.S.; revising the definition of the term "small business party"; providing conditions under which a proceeding is not substantially justified for purposes of an award under the Florida Equal Access to Justice Act; amending s. 120.52, F.S.; defining the term "small business" as used in the Administrative Procedure Act; amending s. 120.55, F.S.; providing for publication of notices of rule development and of rules filed for adoption; providing additional notice of rule development, proposals, and adoptions; amending s. 120.56, F.S.; providing that the petitioner challenging a proposed rule or unadopted agency statement has the burden of establishing a prima facie case; amending s. 120.569, F.S.; providing for extension of time to render final agency action in certain circumstances; amending s. 120.57, F.S.; conforming proceedings opposing agency action based on an invalid rule or unadopted rule to proceedings for

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challenging rules; requiring notice of whether the agency will rely on the challenged rule or unadopted rule; providing for the administrative law judge to make certain findings and enter a final order on the validity of the rule or the use of an unadopted rule; providing for stay of proceedings not involving disputed issues of fact upon timely filing of rule challenge; amending s. 120.573, F.S.; authorizing any party to request mediation of rule challenge and declaratory statement proceedings; amending s. 120.595, F.S.; providing for an award of attorney fees and costs in specified challenges to agency action; removing certain exceptions from requirements that attorney fees and costs be rendered against the agency in proceedings in which the petitioner prevails in a rule challenge; requiring service of notice of invalidity to an agency before bringing a rule challenge as a condition precedent to award of attorney fees and costs; providing for award of additional attorney fees and costs for litigating entitlement to and amount of attorney fees and costs in administrative actions; providing that such awards of additional attorney fees and costs are not subject to certain statutory limits; amending s. 120.68, F.S.; providing for appellate review of orders rendered in challenges to specified rules or unadopted rules; amending s. 120.695, F.S.; removing obsolete provisions with respect to required agency review and designation of minor violations; amending ss.



999 420.9072, 420.9075, and 443.091, F.S.; conforming cross-references; providing an effective date. 1000