Utah Commonwealth Corporation Act

A voluntary charter, and a test designed so that the answer can be no

Where the framework first becomes law: a voluntary charter with real incentives, and an evaluation designed so that the answer can be no.

VERSION 3 · NOVEMBER 5, 2026 · SUPERSEDES VERSION 2 (MAY 2026)

WHAT THE BILL DOES

The federal instruments change the rules for everyone. This Act is voluntary: it rewards a Utah business that chooses stewardship and penalizes none that does not. Three tiers, Registered, Certified, and Preferred, each add obligations and unlock incentives, with pay-ratio standards on the same definitions as the Corporate Pay Accountability Act, so that a Preferred company is by construction inside the federal safe harbor.

A voluntary program cannot prove that it caused what its members achieve, because the firms that opt in may have been the better-run firms already. So the evaluation is written into the Act before the first firm enrolls: pre-enrollment trends, a comparison set of firms that did not opt in, an evaluator the program does not control, and publication whatever the result. Utah tests it. Everyone else reads the data.

WHAT THIS VERSION CHANGES

- The AI Productivity Participation Plan made measurable: a baseline from a statutory menu, a stated formula and form, a minimum share of verified gains, and no gain counted in a year covered hours fall more than five percent.
- Certification is of what was done in the year; a failed verification decertifies automatically and recaptures the year's benefits.
- The Employee Stewardship Council's authority specified: information rights, a seat in the pay-setting process, and a vote on the AI plan.
- Incentives capped per firm and in the aggregate, recipients and amounts public, misrepresentation repaid with interest; a review every two years; a sunset after the five-year evaluation.
- The procurement preference becomes a tiebreaker among otherwise equivalent bids; an evaluation is specified before enrollment.
- The Preferred tier fixed in place of a menu of standards; findings restated as history and evidence, without scriptural citation; the workforce-training credit, county abatement option, and economic-development priority are dropped.

Status. Discussion draft for the 2027 General Session. Not introduced. Not for citation as enacted or introduced law. Figures in brackets are proposals left to the Legislature.

Companion bills. Corporate Pay Accountability Act, Version 2, and Responsible Ownership and Corporate Accountability Act, Version 4 (the federal instruments this Act tests).

Cite as. The Commonwealth Project, Utah Commonwealth Corporation Act, Discussion Draft, Version 3 (November 5, 2026). **Comments.** hello@commonwealthcorporation.org

DISCUSSION DRAFT · VERSION 3 · NOVEMBER 5, 2026

UTAH COMMONWEALTH CORPORATION ACT

2027 General Session
State of Utah

Chief Sponsor: _____
Senate Sponsor: _____

LONG TITLE

General Description:

This bill creates a voluntary three-tier designation for Utah businesses that align ownership, governance voice, and accountability; provides incentives that are capped, public, and recaptured on failure; and requires an independent evaluation designed before the first business enrolls.

Highlighted Provisions:

This bill:

- defines terms;
- creates the Registered, Certified, and Preferred Commonwealth Corporation designations, each with pay-ratio standards on uniform definitions;
- requires a Certified or Preferred Commonwealth Corporation to maintain an Employee Stewardship Council with specified authority, a broad-based ownership or participation plan, a Stewardship Charter, and an AI Productivity Participation Plan with a baseline, a sharing formula, and a minimum share;
- requires a Preferred Commonwealth Corporation to provide employee board representation, tenure-weighted voting on executive pay and distributions, and an annual stewardship audit;
- requires independent verification of what each business did in the year, with automatic decertification and recapture of benefits when verification fails;
- creates the Utah Employee Ownership and Stewardship Office;
- provides an employee ownership conversion credit and a reduced corporate income tax rate, each capped per business and in the aggregate, with recipients and amounts made public;
- provides a procurement tiebreaker among otherwise equivalent bids;
- requires an independent evaluation, specified before enrollment and published whatever its result;
- prohibits Commonwealth washing; and

• repeals the incentive provisions after the five-year evaluation unless the Legislature renews them.

Money Appropriated in this Bill:

None. The Utah Employee Ownership and Stewardship Office is funded by fees and by any appropriation the Legislature makes.

Other Special Clauses:

This bill provides a special effective date and a repeal date for Part 6.

Utah Code Sections Affected:

ENACTS a new chapter, the Utah Commonwealth Corporation Act, with section numbers to be assigned by the Office of Legislative Research and General Counsel; AMENDS Title 59, Chapter 7, and Title 63G, Chapter 6a, as Part 6 describes.

Be it enacted by the Legislature of the state of Utah:

> DRAFTING NOTE. Codification. This draft presents the chapter as a whole. The Office of Legislative Research and General Counsel will assign its title, chapter, and section numbers, draft the amendments to Title 59, Chapter 7, and Title 63G, Chapter 6a, that Part 6 describes, and add the repeal date in Section 607 to Title 63I, Chapter 2.

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Part 1. General Provisions

Section 101. Title.

This chapter is known as the "Utah Commonwealth Corporation Act."

Section 102. Legislative findings.

The Legislature finds that:

(1) ownership is a relationship of responsibility as well as of title, and those who direct productive property answer for its use;

(2) Utah's own history includes enterprises organized on that principle, from the cooperative institutions and united orders of the nineteenth century to the employee-owned firms of today;

(3) Utah law permits the directors of a corporation to consider its employees, its community, and the long term, and requires nothing of them: it permits stewardship, and it does not structure it;

(4) artificial intelligence and automation are raising output per hour inside Utah firms, and the early evidence shows that the workers who use these systems are not yet sharing in what they produce;

(5) Colorado enacted employee ownership tax credits in 2021, and other states have followed with incentives of their own; an incentive serves the public when it buys a change that would not otherwise happen, and costs the public when it rewards a change that would have happened anyway;

(6) a designation means something only if it is verified, and it is worth something only if it can be lost;

(7) a voluntary program cannot show that it caused what its participants achieve, because the businesses that choose to participate may have been better run already, but it can show whether its model is workable and does no harm, if the test is specified before the first business enrolls; and

(8) this chapter respects the internal affairs doctrine: it governs the internal affairs of a Utah entity that elects it, and of a foreign entity only to the extent the entity voluntarily accepts it.

Section 103. Purpose.

The purposes of this chapter are to:

(1) create a voluntary three-tier designation for Utah businesses that align ownership, governance voice, productive contribution, and accountability;

(2) set pay-ratio standards on uniform definitions, verified each year;

(3) give the workforce of a designated business specified rights of information, voice, and participation;

(4) require that productivity gains above a stated baseline be shared on a stated formula, verified each year;

(5) provide incentives that are capped, public, and recaptured on failure;

(6) test the model with an evaluation specified in advance and published whatever its result; and

(7) impose no obligation on any business that does not elect this chapter.

Section 104. Definitions.

As used in this chapter:

(1) "AI plan" means the AI Productivity Participation Plan required by Part 4.

(2) "Certified Commonwealth Corporation" means an eligible entity that holds Certified designation under Section 204.

(3) "Chief executive ratio" means the total realized compensation of an eligible entity's chief executive officer for a fiscal year divided by its measured median for that year.

(4) "Commonwealth Charter" means the statement of election adopting the Commonwealth purpose that an eligible entity files with the division under Section 203.

(5) "Commonwealth corporation" means an eligible entity that holds a designation under this chapter.

(6) "Commonwealth purpose" means the purpose of operating a durable enterprise in which ownership, governance voice, productive contribution, and accountability are aligned for the long-term benefit of the enterprise's owners, employees, customers, and communities and of the state.

(7) "Council" means the Employee Stewardship Council required by Section 301.

(8) "Covered executive" means:

(a) the president of an eligible entity, each individual in charge of a principal business unit, division, or function, and each other individual who performs a policy-making function for the entity;

(b) each individual with authority over the compensation or the hiring of an individual described in Subsection (8)(a); and

(c) each director or manager.

(9) "Covered hours" means the hours of work performed for an eligible entity in a fiscal year by the members of its covered workforce.

(10) "Covered workforce" means every individual whose labor primarily benefits an eligible entity, whoever pays the individual, other than a covered executive, including:

(a) each employee of the entity and of any entity in which it holds more than 50% of the economic interest; and

(b) each individual who works at the entity's direction, on its premises, or on its systems through a contractor, staffing agency, or similar arrangement, counted by the hours the individual works for the entity.

(11) "Director ratio" means the average of a director's total realized compensation for the three most recent fiscal years divided by the measured median for the most recent fiscal year.

(12) "Division" means the Division of Corporations and Commercial Code within the Department of Commerce.

(13) "Eligible entity" means a corporation, limited liability company, or cooperative organized under the laws of this state, or a foreign entity authorized to transact business in this state that voluntarily accepts this chapter under Section 1003.

(14) "Full-time-equivalent worker" means 2,080 covered hours.

(15) "Independent verifier" means a person qualified under Section 501.

(16) "Insider" means each officer, director, and manager of an eligible entity, each person that owns more than 10% of any class of its equity, counting as one person any persons acting together, and each affiliate of any of them.

(17) "Measured median" means the greater of:

(a) the median of the annual total compensation of the members of the covered workforce, each stated on a full-time-equivalent basis and including wages and salary, overtime, bonuses, commissions, the value of equity realized, and the employer's contributions for health coverage and retirement; and

(b) the median usual weekly earnings of full-time wage and salary workers published by the Bureau of Labor Statistics for the four calendar quarters ending with or within the fiscal year, multiplied by 52 and increased by the percentage that employer costs for insurance and for retirement and savings bear to employer costs for wages and salaries, paid leave, and supplemental pay, for private industry workers, in the bureau's Employer Costs for Employee Compensation for the same period.

(18) “Office” means the Utah Employee Ownership and Stewardship Office created in Section 801.

(19) “Preferred Commonwealth Corporation” means an eligible entity that holds Preferred designation under Section 205.

(20) “Registered Commonwealth Corporation” means an eligible entity that holds Registered designation under Section 203.

(21) “Senior executive ratio” means, for each of the four covered executives other than the chief executive officer who receive the highest total realized compensation for a fiscal year, that individual’s total realized compensation divided by the measured median.

(22) “Stewardship Charter” means the document required by Section 302.

(23) “Stewardship Report” means the annual report required by Section 502.

(24) “Terminal-event decision” means a sale of all or substantially all assets, a merger or other transaction after which the existing owners no longer hold a majority of the voting interests, a transaction that ends the entity’s status as a publicly traded company, a voluntary dissolution, or a distribution or repurchase in a fiscal year exceeding 25% of the entity’s net income for the preceding fiscal year.

(25) “Total realized compensation” means all economic value realized by, or accruing for the benefit of, an individual during a fiscal year from an eligible entity or any affiliate, in any form, including salary and bonuses when paid, equity when it vests, options at the spread when exercised, the personal use of entity assets at market rate, deferred compensation and pension accruals at present value when they accrue, separation payments amortized over the service to which they relate or attributed to the final year of service, whichever is higher, the premium over arm’s-length value in any related-party transaction, and any payment to an entity in which the individual holds more than a 5% economic interest, each counted once.

(26) “Verified gain” has the meaning given in Section 403.

> DRAFTING NOTE. The definitions of covered executive, covered workforce, measured median, and total realized compensation follow the federal Corporate Pay Accountability Act, so that a ratio computed under this chapter is computed on the same basis as a federal one.

Part 2. Designation

Section 201. Three designations.

(1) There are three designations: Registered Commonwealth Corporation, Certified Commonwealth Corporation, and Preferred Commonwealth Corporation.

(2) Each designation includes the obligations of every designation below it.

Section 202. Pay-ratio standards.

(1) A Registered Commonwealth Corporation discloses its chief executive ratio, each senior executive ratio, and each director ratio for each fiscal year.

(2) A Certified Commonwealth Corporation maintains, for the fiscal year verified:

(a) a chief executive ratio of not more than 50 to 1;

(b) a senior executive ratio of not more than 30 to 1 for each senior executive; and

(c) a director ratio of not more than 5 to 1 for each director.

(3) A Preferred Commonwealth Corporation maintains, for the fiscal year verified:

(a) a chief executive ratio of not more than 20 to 1;

(b) a senior executive ratio of not more than 15 to 1 for each senior executive; and

(c) a director ratio of not more than 3 to 1 for each director.

(4) Each ratio is measured for the entity's fiscal year and verified under Section 501.

Section 203. Registered Commonwealth Corporation.

(1) An eligible entity becomes a Registered Commonwealth Corporation by:

(a) adopting the Commonwealth purpose in its articles of incorporation, certificate of organization, or other governing document;

(b) obtaining the approval of its board and the affirmative vote of not less than two-thirds of its outstanding voting interests, or any greater vote its governing documents require;

(c) filing a Commonwealth Charter with the division; and

(d) paying the fee established under Section 803.

(2) A Registered Commonwealth Corporation shall publish on its website, and file with the office, within 150 days after the end of each fiscal year, the ratios described in Section 202(1), computed on the definitions of this chapter.

(3) A Registered Commonwealth Corporation may use the designation "Registered Commonwealth Corporation" and receives no benefit under Part 6.

Section 204. Certified Commonwealth Corporation.

(1) A Registered Commonwealth Corporation holds Certified designation for a fiscal year if the independent verifier has verified that, in its preceding fiscal year, it:

(a) met the standards of Section 202(2);

(b) maintained a council with the authority described in Section 301;

(c) maintained a broad-based ownership or participation plan under Section 303;

(d) maintained a Stewardship Charter under Section 302;

(e) maintained an AI plan under Part 4 and shared under it not less than the minimum share of its verified gain; and

(f) published its Stewardship Report under Section 502.

(2) A Certified Commonwealth Corporation may use the designation "Certified Commonwealth Corporation" and is eligible for the benefits of Part 6 at the Certified level, including the procurement tiebreaker in Section 603.

Section 205. Preferred Commonwealth Corporation.

(1) A Registered Commonwealth Corporation holds Preferred designation for a fiscal year if the independent verifier has verified that, in its preceding fiscal year, it:

(a) met every requirement of Section 204(1) other than Subsection 204(1)(a);

(b) met the standards of Section 202(3);

(c) provided employee board representation under Section 305;

(d) provided tenure-weighted voting under Section 306, including the preservation of tenure through retirement and other terminal events; and

(e) obtained the annual stewardship audit described in Section 503.

(2) A Preferred Commonwealth Corporation may use the designation "Preferred Commonwealth Corporation," is listed with that designation in the public recognition the office publishes under Section 802, and is eligible for the full benefits of Part 6, including the procurement tiebreaker in Section 603.

Section 206. Annual verification and automatic decertification.

(1) Certified and Preferred designations are annual. Each rests on what the entity did in its preceding fiscal year, as verified, and not on what it planned.

(2) An entity that fails verification, or does not obtain verification within 150 days after the end of its fiscal year:

(a) loses its Certified or Preferred designation automatically, without further proceeding, and holds the highest designation for which it was verified, if any; and

(b) repays the benefits it received for the fiscal year verification covered, under Section 605.

(3) An entity that has lost a designation may hold it again for a later fiscal year on verification of the fiscal year before it.

Section 207. Withdrawal.

(1) An eligible entity may withdraw from this chapter by the vote required for election under Section 203 and by filing a statement of withdrawal with the division.

(2) Withdrawal does not relieve an entity of any obligation to repay a benefit under Section 605.

Part 3. Governance Standards

Section 301. Employee Stewardship Council.

(1) Each Certified and Preferred Commonwealth Corporation with 50 or more members of its covered workforce in Utah shall maintain an Employee Stewardship Council of not fewer than three members, elected each year by secret ballot of the members of its covered workforce in Utah who performed at least 500 covered hours in the preceding 12 months. An entity with fewer than 50 such members holds an annual meeting of them, at which they exercise directly the rights this section gives a council.

(2) Candidates nominate themselves. The entity and its insiders may not nominate, fund, endorse, or campaign for any candidate. The election is conducted under model procedures published by the office or by the independent verifier.

(3) The council has:

(a) the right to receive, when they are given to the board, the entity's annual financial statements, the computation of its ratios under Section 202, and the computation of its verified gain under Part 4;

(b) the right to notice, not less than 30 days in advance except where an emergency makes notice impracticable, of any reduction in force or closure affecting 25 or more members of the covered workforce in Utah or 10% of the workforce at a Utah site, and of any deployment of an artificial intelligence system the entity expects to reduce covered hours;

(c) a seat in the pay-setting process: one member designated by the council attends, without vote, each meeting of the board or of its compensation committee at which the compensation of a covered executive is set, receives the same materials as the members, and may file a written statement that is included in the minutes and summarized in the Stewardship Report;

(d) a vote on the AI plan under Section 405;

(e) the right to submit recommendations to the board on any matter affecting the workforce or the long-term health of the enterprise, to which the board responds in writing within 60 days; and

(f) an advisory vote on each terminal-event decision, the result of which is published in the Stewardship Report and considered by the board on the record.

(4) The council does not bind the entity except as this chapter provides, does not bargain collectively, and is not a labor organization. A confidentiality obligation im-

posed on a council member may not prevent the member from reporting unlawful conduct, false verification, retaliation, or the misuse of a state benefit to a public authority.

(5) An entity may not discharge, discipline, threaten, or otherwise retaliate against an individual for standing for, voting for, serving on, or exercising a right through the council.

> DRAFTING NOTE. Before introduction the council provisions are to be reviewed against Section 8(a)(2) of the National Labor Relations Act, 29 U.S.C. 158(a)(2), and the decisions applying it. A state statute cannot authorize what that section forbids. The council is drafted to receive information, attend, recommend, and vote, not to deal with the employer over the terms of employment.

Section 302. Stewardship Charter.

(1) A Certified or Preferred Commonwealth Corporation shall maintain a Stewardship Charter that:

(a) states the mission and long-term purpose of the enterprise;

(b) sets a time horizon of not less than 10 years against which its strategic decisions are evaluated;

(c) sets measurable standards for workforce investment, compensation, community commitments, and the resilience of the enterprise, against which the board and its executives are held to account; and

(d) states the entity’s policy on the use of surplus capital, consistent with Section 304.

(2) The Stewardship Charter may be amended by the board after consultation with the council, and each amendment is filed with the office within 30 days.

(3) The Stewardship Charter is published on the entity’s website and provided without charge on request.

Section 303. Broad-based ownership or participation plan.

(1) A Certified or Preferred Commonwealth Corporation shall maintain a plan that gives the members of its covered workforce, other than covered executives, a financial stake in the enterprise.

(2) A plan qualifies if it is an employee stock ownership plan, an employee ownership trust, a worker cooperative, a broad-based equity or synthetic equity plan, a broad-based profit-sharing or gainsharing plan, or another structure the office approves as substantially equivalent, and if it:

(a) is available on objective terms to a majority of the members of the covered workforce, other than covered executives, who have completed one year of service;

(b) is described to them in writing;

(c) is reviewed each year by the board; and

(d) is described in the Stewardship Report.

(3) Nothing in this section requires an entity to issue voting interests, dilute its owners, or establish a plan subject to federal law, unless it chooses a structure that does so.

Section 304. Distributions.

(1) Before a Certified or Preferred Commonwealth Corporation authorizes a repurchase of its equity, a special dividend, or another extraordinary distribution exceeding the threshold the office sets by rule, its board shall certify in its minutes that it has considered:

(a) whether its defined benefit pension obligations are fully funded;

(b) whether its investment in productive capacity, research, and the workforce is adequate to the standards of its Stewardship Charter;

(c) whether the compensation of its median worker has grown in reasonable proportion to its profits; and

(d) whether it has made a reduction in force described in Section 301(3)(b) in the preceding 12 months.

(2) The certification is disclosed in the Stewardship Report. This section does not prohibit a distribution.

Section 305. Employee board representation.

(1) A Preferred Commonwealth Corporation shall have a board of directors, or board of managers, of which not fewer than [one-third] of the members, rounded up and not fewer than one, are elected by the members of its covered workforce in Utah under Subsection (2).

(2) The election:

(a) is conducted by secret ballot, at the entity's expense, by an administrator that has had no business relationship with the entity or any insider in the preceding three years;

(b) is open, as voters and as candidates, to each member of the covered workforce in Utah who performed at least 500 covered hours in the preceding 12 months, other than a covered executive; and

(c) admits no candidate nominated, funded, endorsed, or campaigned for by the entity, by an insider, or by any outside organization, and reaches every candidate to the electorate through a single channel operated by the administrator on equal terms.

(3) A director elected under this section owes the entity the same duties as every other director, receives the same information at the same time, may not be instructed by any person how to vote, and serves on the compensation committee and on the nominating committee, if the board has them.

(4) A foreign entity may hold Preferred designation only if the law of its jurisdiction of organization permits the board representation this section requires.

Section 306. Tenure-weighted voting.

(1) The governing documents of a Preferred Commonwealth Corporation shall provide that, on each vote of its owners to ratify or approve the compensation of a covered executive, to approve a compensation plan, or to authorize a repurchase of equity or another distribution, each share or unit carries:

(a) one vote if its owner has held it for less than three years;

(b) two votes if its owner has held it for three years or more and less than five years; and

(c) three votes if its owner has held it for five years or more.

(2) The weighting does not apply to the election or removal of directors or managers, or to a merger, conversion, sale of substantially all assets, or other transaction affecting control.

(3) A share or unit carries one vote on a vote described in Subsection (1), whatever its holding period, if it is owned by an insider, if it is voted by an intermediary other than as its owner instructs, or if it is of a class that carries more than one vote per share or unit.

(4) An owner's tenure is not interrupted by the owner's retirement, disability, or separation from employment, by a distribution of the shares or units themselves from an ownership plan to the owner, by a transfer between accounts of the same owner, or by a transfer at death, and an heir takes the decedent's tenure.

(5) An eligible entity may adopt the provisions this section requires in its articles of incorporation, operating agreement, or other governing document. A foreign entity may hold Preferred designation only if the law of its jurisdiction of organization permits them.

Section 307. Director duties and business judgment.

(1) A director of a Commonwealth corporation shall consider the Commonwealth purpose, and may consider the long-term value of the enterprise, the interests of its owners, the firm-specific contribution and risk of its workforce, the interests of its customers, creditors, suppliers, and communities, and the effects of automation, outsourcing, and extraordinary distributions on the health of the enterprise.

(2) A director who acts in good faith, on an informed basis, and in a manner the director reasonably believes consistent with the Commonwealth purpose satisfies the director's duties under this chapter and under the law of this state, and is not liable for the weight the director gives to any interest described in Subsection (1).

(3) Subsection (2) does not protect fraud, bad faith, knowing misrepresentation, retaliation prohibited by this chapter, an unlawful distribution, or the misuse of a state benefit.

Part 4. AI Productivity Participation Plan

Section 401. Plan required.

(1) Each Certified and Preferred Commonwealth Corporation shall maintain an AI plan, adopted before the start of the fiscal year it covers, that states its baseline, its sharing formula, the form of sharing, and the share of verified gain it distributes.

(2) An AI plan shares gains above the baseline whatever their cause. It does not attempt to isolate the contribution of artificial intelligence, which cannot be measured inside a firm.

Section 402. Baseline.

(1) The baseline is one of the following, chosen in the plan and not changed while the entity holds a designation:

(a) real value added per covered hour, where value added is revenue less the cost of goods and services purchased from others, as reported in the entity's financial statements; or

(b) real revenue per full-time-equivalent worker.

(2) The baseline is the average of the chosen measure for the two fiscal years before the entity's first fiscal year as a Certified Commonwealth Corporation, or for the fiscal years the entity has completed, if fewer.

(3) Each amount is adjusted to real terms by the implicit price deflator for gross domestic product published by the Bureau of Economic Analysis.

Section 403. Verified gain and minimum share.

(1) The verified gain for a fiscal year is the amount by which the entity's chosen measure for the year exceeds its baseline, multiplied by its covered hours or its full-time-equivalent workers for the year, as the measure requires, as verified by the independent verifier. A result less than zero is zero.

(2) The AI plan states the formula by which verified gain is shared with the members of the covered workforce other than covered executives, and the form of the sharing,

which may be wages, hours, ownership, or a combination.

(3) An AI plan qualifies only if it distributes, for each fiscal year, not less than [one-quarter] of the verified gain for that year.

Section 404. Headcount and hours.

(1) There is no verified gain for a fiscal year in which the entity's covered hours fall by more than 5% from the preceding fiscal year. An entity may not share with the workers who remain what it took from the workers it let go.

(2) Sharing by hours means a reduction in hours worked with no reduction in pay, valued at the pay for the hours no longer worked. A reduction in hours with a reduction in pay is not a share.

Section 405. Council vote.

(1) No AI plan, and no amendment to one, takes effect until the council has voted on it.

(2) If the council votes against the plan, the board may adopt it only by a resolution that responds in writing to each objection the council stated, and the council's vote and the board's response are published in the Stewardship Report.

Section 406. Verification and reporting.

(1) The independent verifier that verifies the entity's ratios verifies, each year, its baseline, its verified gain, and the amount and form of what it shared.

(2) The Stewardship Report states each of those amounts.

Section 407. What is not a plan.

(1) A plan with no baseline, no formula, or no verified sharing is not an AI plan.

(2) An entity that files a document under this part that is not an AI plan, or that distributes less than the minimum share, fails verification under Section 206.

Section 408. Notice of deployment and of collection.

(1) An entity shall give the council notice not less than 60 days before deploying an artificial intelligence system that it reasonably expects to reduce covered hours, except where an emergency makes notice impracticable, in which case notice is given as soon as practicable.

(2) An entity may not collect the work product of members of its covered workforce to train or improve an artificial intelligence system without first disclosing to them, in writing, the categories of work product collected and that purpose.

(3) Nothing in this part requires the disclosure of a trade secret, source code, model weights, or proprietary training data; required disclosures may be stated by category.

Section 409. Relationship to federal law.

Nothing in this part establishes that work product belongs to the employees who produced it, or alters federal intellectual property law. This part conditions designation and state benefits on transparent and verified sharing.

Part 5. Verification, Reporting, and Registry

Section 501. Independent verifier.

(1) An independent verifier is a certified public accountant or firm licensed under Title 58, Chapter 26a, Certified Public Accountant Licensing Act, or another person the office qualifies by rule, that has provided no consulting or compensation-design service to the entity or any affiliate in the fiscal year verified or the preceding fiscal year.

(2) The independent verifier verifies each year what the entity did in its preceding fiscal year, including its ratios, its council, its ownership or participation plan, its AI plan, and, for a Preferred Commonwealth Corporation, its board representation, its tenure-weighted voting, and its stewardship audit.

(3) A verifier that knowingly or recklessly verifies a materially false statement is liable for a civil penalty of not more than [$25,000] for each violation and may not act as a verifier under this chapter for five years.

Section 502. Stewardship Report.

(1) A Certified or Preferred Commonwealth Corporation shall publish a Stewardship Report within 150 days after the end of each fiscal year, on its website, with the office, and to its covered workforce.

(2) The Stewardship Report states:

(a) the entity's performance against the standards of its Stewardship Charter, with shortfalls stated as candidly as achievements;

(b) its ratios under Section 202, with the computation of its measured median;

(c) its covered hours, its number of employees in Utah and in total, and the 10th, 25th, and 50th percentiles of the compensation of its covered workforce;

(d) its ownership or participation plan and the share of its workforce eligible for it;

(e) its AI plan, its baseline, its verified gain, and what it shared and in what form;

(f) each reduction in force described in Section 301(3)(b) and each decision to outsource, relocate, or close affecting Utah workers;

(g) each distribution certified under Section 304;

(h) the council's recommendations, its votes, the statements of its designated member under Section 301(3)(c), and the board's responses; and

(i) the state benefits it received in the fiscal year.

(3) The report is signed by an authorized officer, who certifies that it contains no knowingly false statement of material fact.

Section 503. Stewardship audit.

Each Preferred Commonwealth Corporation shall obtain each year an audit, by an independent firm other than its independent verifier, of how the compensation of its covered executives was set, its compliance with Sections 305 and 306, its transactions with insiders, and its distributions to owners, and shall publish the audit report with its Stewardship Report.

Section 504. Public registry.

(1) The office shall maintain a public registry, searchable by name, location, industry, and designation, of each Commonwealth corporation.

(2) The registry states, for each entity, its designation and the fiscal years for which it was verified, each verification result, its most recent Stewardship Charter and Stewardship Report, and each benefit it received under Part 6 and the amount.

Section 505. Confidentiality.

Nothing in this chapter requires the disclosure of a trade secret, privileged communication, personal information of an employee or customer, or information whose disclosure is prohibited by law. A required disclosure may be made in aggregate or by category where that protects such information without defeating the purpose of the disclosure.

Part 6. Incentives

Section 601. Employee ownership conversion credit.

(1) A taxpayer that converts a Utah business to broad-based employee ownership or participation may claim a refundable credit against the tax imposed by Title 59, Chapter 7 or Chapter 10, equal to 50% of its qualified conversion costs, not to exceed:

(a) $150,000 for a conversion to an employee stock ownership plan;

(b) $75,000 for a conversion to an employee ownership trust or worker cooperative;

(c) $40,000 for the adoption of a broad-based synthetic equity, profit-sharing, or gainsharing plan; and

(d) $25,000 for a conversion to Commonwealth designation that does not change the entity's ownership, for its legal, governance, and employee-education costs.

(2) Qualified conversion costs are the costs of feasibility studies, valuation, legal and accounting services, trustee services, plan design, employee education, and financing analysis.

(3) A taxpayer claims the credit only with a tax credit certificate the office issues after the conversion is complete.

(4) The total of the credits for which the office issues certificates in a fiscal year of the state may not exceed [$2,000,000]. The office issues certificates in the order in which complete applications are received.

Section 602. Reduced corporate income tax rate.

(1) For a taxable year throughout which a taxpayer subject to Title 59, Chapter 7, holds Certified designation, the rate of the tax imposed on it under Section 59-7-104 is [3.75%], in place of the rate that section otherwise imposes; and for a taxable year throughout which it holds Preferred designation, [3.25%].

(2) The reduction in a taxpayer's tax under this section for a taxable year may not exceed [$500,000].

(3) The total of the reductions under this section for a fiscal year of the state may not exceed [$10,000,000]. A taxpayer claims a reduction only with a certificate the office issues for the taxable year, and the office issues certificates in the order in which complete applications are received.

(4) A taxpayer qualifies for a taxable year only if it held the designation on the first day of the taxable year, has filed its most recent Stewardship Report, and is not subject to a pending proceeding under Part 9.

> DRAFTING NOTE. The rates, the per-taxpayer cap, and the aggregate cap are the Legislature's to set. The State Tax Commission's fiscal note fixes their cost.

Section 603. Procurement tiebreaker.

(1) Under the preference provisions of Title 63G, Chapter 6a, Part 10, when two or more responsive and responsible bids or proposals are otherwise equal in price and in evaluation score, the procurement unit awards the contract to a Preferred Commonwealth Corporation over any bidder without that designation, and to a Certified Commonwealth Corporation over any bidder that holds neither designation.

(2) The tiebreaker confers no price advantage and no evaluation points.

(3) The tiebreaker does not apply where federal law or the terms of a federal award that funds the procurement prohibit it, and it yields to any other preference required by law.

Section 604. Disclosure of recipients.

(1) The office shall publish each year the name of each recipient of a benefit under this part and the amount of each benefit.

(2) A taxpayer that claims a benefit under this part consents, as a condition of the benefit, to the disclosure of the amount under Subsection (1), notwithstanding Section 59-1-403.

Section 605. Recapture.

(1) An entity that loses a designation under Section 206 repays the credits and the reductions in tax it received for the fiscal year verification covered.

(2) An entity that obtains a benefit by misrepresentation repays every benefit it received in reliance on the misrepresentation, with interest at the rate provided in Section 59-1-402, and is subject to the penalties of Section 903.

(3) A contract awarded under Section 603 on a misrepresentation may be terminated, and the bidder is subject to suspension or debarment under Title 63G, Chapter 6a.

Section 606. Biennial review.

Every two years the Office of the Legislative Auditor General shall review the cost and the effect of the benefits under this part and report to the Revenue and Taxation Interim Committee and the Economic Development and Workforce Services Interim Committee.

Section 607. Repeal.

This part is repealed July 1, [2034], unless the Legislature, after receiving the five-year evaluation under Part 7, reenacts it.

Part 7. Evaluation

Section 701. Evaluator.

The Office of the Legislative Auditor General, or a research university in this state under contract with it, shall evaluate this chapter. The evaluator is independent of the office.

Section 702. Design fixed before enrollment.

(1) Before the first application for Certified designation, the evaluator shall publish an evaluation plan that states:

(a) the outcomes measured, which include the retention of employees, productivity, long-term return to owners, median compensation, covered hours, and investment;

(b) the pre-enrollment period of not less than three fiscal years against which each participant's outcomes are compared;

(c) the comparison set of Utah entities that did not elect this chapter, matched on industry, size, location, and pre-enrollment trends;

(d) the methods of analysis; and

(e) the schedule of reports.

(2) After the first application, the plan may be changed only to correct an error, and each change and the reason for it are published.

Section 703. Data.

(1) An entity that elects this chapter consents to provide the evaluator the data the evaluation plan requires.

(2) The Department of Workforce Services and the State Tax Commission shall provide the evaluator the records the evaluation plan requires, under the confidentiality provisions that govern those records, including Title 35A, Chapter 4, and Section 59-1-403. The evaluator publishes no information that identifies an entity that has not elected this chapter.

Section 704. Reports.

(1) The evaluator shall publish an interim report after the third year of enrollment and a final report on the first five years of enrollment not later than December 1, [2033].

(2) Each report is published in full, whether or not its results favor this chapter, and states what its design can and cannot establish.

(3) The Legislature intends the evaluation to establish whether the model is workable and does no harm. A voluntary program cannot establish that this chapter caused a difference in outcomes, and no report shall state that it did unless its design supports the statement.

Part 8. Utah Employee Ownership and Stewardship Office

Section 801. Creation.

There is created within the Governor's Office of Economic Opportunity the Utah Employee Ownership and Stewardship Office.

Section 802. Duties.

The office shall:

(1) administer designations, verification filings, and certificates under this chapter;

(2) maintain the public registry under Section 504;

(3) publish model governing provisions, Stewardship Charters, council election procedures, AI plans, and Stewardship Report forms;

(4) publish each year a list of Preferred Commonwealth Corporations as public recognition of their designation;

(5) provide education and technical assistance on employee ownership, succession planning, and Commonwealth designation, with priority for small, rural, and family businesses whose owners are approaching retirement;

(6) coordinate with the division, the State Tax Commission, the Division of Purchasing and General Services, and the Department of Workforce Services;

(7) make rules under Section 1005; and

(8) report each year to the Business and Labor Interim Committee and the Economic Development and Workforce Services Interim Committee on the number of Commonwealth corporations by designation, conversions supported, benefits issued, verification results, enforcement actions, and recapture.

Section 803. Fees.

The office may charge fees for election, verification filings, and certificates, established in accordance with the state's fee approval process, in amounts that recover its reasonable costs.

Section 804. Technical assistance grants.

Subject to appropriation, the office may award grants to small and medium-sized Utah businesses to evaluate or complete a conversion to employee ownership, to prepare for designation, or to obtain verification.

Part 9. Enforcement

Section 901. Authority of the office.

The office, in coordination with the division and the attorney general, may review filings and reports, investigate complaints, issue orders requiring correction, determine that an entity has failed verification, order repayment under Section 605, and refer misrepresentation or fraud to the attorney general.

Section 902. Procedure.

(1) An adjudicative proceeding under this chapter is conducted under Title 63G, Chapter 4, Administrative Procedures Act.

(2) Except for a failed verification, which takes effect without further proceeding under Section 206, and except in a case of fraud, knowing misrepresentation, or retaliation, the office gives written notice and not less than 60 days to cure before acting against an entity.

Section 903. Commonwealth washing prohibited.

(1) A person may not knowingly:

(a) represent that an entity holds a designation under this chapter that it does not hold;

(b) use a designation higher than the one the entity holds, or any designation after it is lost or withdrawn; or

(c) submit a materially false statement in an election, a verification, a Stewardship Report, an application for a benefit, or a procurement.

(2) A person who violates Subsection (1):

(a) shall publish a correction in each medium in which the representation was made;

(b) repays every benefit received in reliance on the violation, with interest under Section 605; and

(c) is liable for a civil penalty of not more than [$25,000] for each violation, which the attorney general may recover in a civil action.

Section 904. Retaliation.

An individual who suffers retaliation prohibited by Section 301(5), or for reporting a false verification or the misuse of a state benefit, may bring a civil action for reinstatement, back pay, front pay where reinstatement is impracticable, injunctive relief, and reasonable attorney fees and costs.

Section 905. Limited private action.

(1) A member of the covered workforce, or a council member, who is denied a right under Section 301, 305, or Part 4 may bring an action in district court for injunctive or declaratory relief and, if the member substantially prevails, reasonable attorney fees and costs.

(2) No person may recover damages from a Commonwealth corporation, or from its directors or officers, for failing to pursue or achieve the Commonwealth purpose, except for fraud, knowing misrepresentation, retaliation, the misuse of a state benefit, or an independent violation of law.

(3) A court may not order a Commonwealth corporation to make a particular business decision, except to enforce a specific obligation of this chapter.

Section 906. Safe harbor.

An entity that materially follows the model documents and procedures published by the office, without knowingly omitting required information, satisfies the requirements those documents address. This section does not protect fraud, knowing misrepresentation, retaliation, or the misuse of a state benefit.

Part 10. General Provisions

Section 1001. No mandate.

Nothing in this chapter requires any entity to elect it. An entity that has not elected this chapter has no obligation under it and may not use any designation it creates.

Section 1002. Relationship to other Utah law.

This chapter supplements Title 16, Chapter 10a, Utah Revised Business Corporation Act; Title 16, Chapter 10b, Benefit Corporations; the law governing limited liability companies and cooperatives; Title 63G, Chapter 6a, Utah Procurement Code; and Title 59, Revenue and Taxation. An entity may be a benefit corporation and a Commonwealth corporation at the same time.

Section 1003. Internal affairs and foreign entities.

(1) This chapter governs the internal affairs of an entity organized under the laws of this state that elects it.

(2) A foreign entity may elect this chapter by filing a Commonwealth Charter that accepts its obligations to the extent the law of its jurisdiction of organization permits. This chapter does not otherwise regulate the internal affairs of a foreign entity.

Section 1004. Federal law.

Nothing in this chapter requires conduct that federal law prohibits. Sections 301 and 305 are applied consistently with the National Labor Relations Act, and an ownership or participation plan subject to the Employee Retirement Income Security Act of 1974 is administered under that act.

Section 1005. Rules.

(1) The office, the division, the State Tax Commission, and the Division of Purchasing and General Services may make rules under Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement this chapter, within 180 days after its effective date.

(2) A rule may not alter a ratio, threshold, definition, or standard stated in this chapter.

Section 1006. Effective date and transition.

(1) This chapter takes effect January 1, 2028.

(2) An eligible entity may elect Registered designation beginning on that date. The first fiscal year that may be verified for Certified or Preferred designation is a fiscal year beginning on or after January 1, 2028.

Section 1007. Severability.

If any provision of this chapter, or its application to any person or circumstance, is held invalid, the remainder of the chapter, and its application to other persons and circumstances, is not affected.
