

HCS HB 2587 -- THE REGULATORY SANDBOX (Riley)

COMMITTEE OF ORIGIN: Standing Committee on Economic Development

This bill establishes the "Regulatory Sandbox Act", which creates the "Regulatory Relief Office" within the Department of Economic Development. The Regulatory Relief Office shall administer the provisions of the bill with the purpose of identifying state laws or regulations that could potentially be waived or suspended for participating businesses during a 24 month period in which the participating business demonstrates an innovative product offering to consumers.

The Regulatory Relief Office shall maintain a web page on the Department's website that invites residents and businesses to make suggestions regarding laws and regulations that could be modified or eliminated to reduce the regulatory burden of residents and businesses in the state (Section 620.3905, RSMo).

The Regulatory Relief Office shall be responsible for evaluating and approving or denying applications to participate in the Sandbox Program. An applicant shall submit an application along with a \$300 application fee to the Regulatory Relief Office, which shall include contact information and a description of the innovative offering to be demonstrated, including statements regarding how the innovative offering is subject to licensing, legal prohibition, or other authorization requirements outside of the Sandbox Program; each law or regulation that the applicant seeks to have waived or suspended while participating in the Sandbox Program; how the innovative offering would benefit consumers; what risks might exist for consumers who use or purchase the innovative offering; and other required information, as described in the bill.

No later than five business days after the day on which a completed application is received by the Regulatory Relief Office, the Office shall review the application and refer the application to each applicable agency, as defined in the bill, that regulates the applicant's business. No later than 30 days after the day on which an applicable agency receives a completed application for review, the applicable agency shall provide a written report to the Sandbox Program director with the applicable agency's findings, including any identifiable, likely, and significant harm to the health, safety, or financial well-being of consumers that the relevant law or regulation protects against, and a recommendation to the Regulatory Relief Office that the applicant either be admitted or denied entrance into the Sandbox Program. An applicable agency may deny an application for reasons described in the bill. The Regulatory Relief Office shall not approve any application denied by an applicable agency (Section 620.3915).

Upon the receipt of a report from all applicable agencies, the Regulatory Relief Office shall provide the application and associated reports to the "General Regulatory Sandbox Program Advisory Committee", which is created by the bill. The Advisory Committee shall be composed of eight members, as described in the bill including one member of the House of Representatives appointed by the Speaker, one member of the Senate appointed by the President Pro Tem and three members of the public or an institution of higher education appointed one each by the Governor, the President Pro Tem, and the Speaker. The Advisory Committee shall advise and make recommendations to the Regulatory Relief Office on whether to approve applications to the Sandbox Program, and may meet at its own discretion to override a decision of the Regulatory Relief Office on the admission or denial of an applicant to the Sandbox Program, provided such override is decided with a majority vote of the members of the Advisory Committee, and further provided that such vote shall be taken within 10 business days of the Regulatory Relief Office's decision. Meetings of the Advisory Committee shall be considered public meetings for the purposes of the Sunshine Law, however, meetings shall be closed if the purpose of the meeting is to discuss an application for participation in the regulatory sandbox and failing to hold a closed meeting would reveal information that constitutes proprietary or confidential trade secrets (Section 620.3910).

Upon approval of an application, a Sandbox participant shall have 24 months after the day on which its application was approved to demonstrate the innovative offering described in the Sandbox participant's application. During such period, the Sandbox participant shall be exempt from the laws and regulations outlined in an agreement entered into with the Regulatory Relief Office. Innovative offerings shall only be available to consumers who are residents of this state, and no law or regulation shall be waived or suspended if such waiver or suspension would prevent a consumer from seeking restitution in the event that the consumer is harmed. A Sandbox participant shall not be subject to prosecution or administrative penalty for a violation of any law or regulation that is waived or suspended during the duration of the participant's demonstration period (Section 620.3920).

Prior to demonstrating an innovative offering, a Sandbox participant shall disclose certain information to consumers, as described in the bill (Section 620.3925).

At least 30 days prior to the end of a participant's demonstration period, the participant shall notify the Regulatory Relief Office that it either intends to exit the Sandbox Program or that it seeks an extension. The Regulatory Relief Office may grant an extension

not to exceed 12 months, and a participant may seek additional extensions up to a cumulative maximum of seven years. If a demonstration includes an innovative offering that requires ongoing services or duties beyond the 24 month demonstration period, the participant may continue to demonstrate the offering, but shall be subject to all laws and regulations that were waived or suspended as part of the Sandbox Program.

A Sandbox participant shall retain certain records for a period of 24 months after exiting the Sandbox Program.

The Regulatory Relief Office shall establish quarterly reporting requirements for each participant, and each participant shall notify the Regulatory Relief Office and each applicable agency of any incidents that result in harm to the health, safety, or financial well-being of a consumer. Any incident reports shall be publicly available on the regulatory sandbox webpage provided, however, that any information contained in such reports that constitutes proprietary or confidential trade secrets shall not be subject to disclosure pursuant to the Sunshine Law.

No later than 30 days after a Sandbox participant exits the Sandbox Program, such participant shall submit a written report, as described in the bill, describing an overview of the demonstration. No later than 30 days after receiving such report, an applicable agency shall provide a written report to the Regulatory Relief Office that describes any statutory or regulatory reform the applicable agency recommends (Section 620.3930).

This bill is similar to SB 1068 (2022).