

1 **REGULATORY SANDBOX PROGRAM AMENDMENTS**

2 2022 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: A. Cory Maloy**

5 Senate Sponsor: Ann Millner

7 **LONG TITLE**

8 **General Description:**

9 This bill addresses state regulatory sandbox programs.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ define terms;
- 13 ▶ expands the regulatory sandbox program administered by the Governor's Office of
- 14 Economic Opportunity (GO Utah office) by allowing a person who offers a
- 15 financial or insurance product or service to participate in the program;
- 16 ▶ requires meetings of the GO Utah office's General Regulatory Sandbox Program
- 17 Advisory Committee to be open to the public;
- 18 ▶ requires the GO Utah office to make certain information regarding the regulatory
- 19 sandbox program available to the public;
- 20 ▶ repeals the regulatory sandbox programs administered by the Department of
- 21 Commerce and the Department of Insurance; and
- 22 ▶ makes technical and conforming changes.

23 **Money Appropriated in this Bill:**

24 None

25 **Other Special Clauses:**

26 None

27 **Utah Code Sections Affected:**

28 AMENDS:

29 [52-4-205](#), as last amended by Laws of Utah 2021, Chapters 179 and 231

- 30 **63N-16-102**, as enacted by Laws of Utah 2021, Chapter 373
- 31 **63N-16-103**, as enacted by Laws of Utah 2021, Chapter 373
- 32 **63N-16-104**, as enacted by Laws of Utah 2021, Chapter 373
- 33 **63N-16-201**, as enacted by Laws of Utah 2021, Chapter 373
- 34 **63N-16-202**, as enacted by Laws of Utah 2021, Chapter 373
- 35 **63N-16-206**, as enacted by Laws of Utah 2021, Chapter 373

36 REPEALS:

- 37 **13-55-101**, as enacted by Laws of Utah 2019, Chapter 243
- 38 **13-55-102**, as last amended by Laws of Utah 2021, Chapter 373
- 39 **13-55-103**, as last amended by Laws of Utah 2020, Chapter 143
- 40 **13-55-104**, as enacted by Laws of Utah 2019, Chapter 243
- 41 **13-55-105**, as enacted by Laws of Utah 2019, Chapter 243
- 42 **13-55-106**, as enacted by Laws of Utah 2019, Chapter 243
- 43 **13-55-107**, as enacted by Laws of Utah 2019, Chapter 243
- 44 **13-55-108**, as enacted by Laws of Utah 2019, Chapter 243
- 45 **31A-47-101**, as enacted by Laws of Utah 2020, Chapter 141
- 46 **31A-47-102**, as last amended by Laws of Utah 2021, Chapter 373
- 47 **31A-47-103**, as enacted by Laws of Utah 2020, Chapter 141
- 48 **31A-47-104**, as enacted by Laws of Utah 2020, Chapter 141
- 49 **31A-47-105**, as enacted by Laws of Utah 2020, Chapter 141
- 50 **31A-47-106**, as enacted by Laws of Utah 2020, Chapter 141
- 51 **31A-47-107**, as enacted by Laws of Utah 2020, Chapter 141
- 52 **31A-47-108**, as enacted by Laws of Utah 2020, Chapter 141



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

55 Section 1. Section **52-4-205** is amended to read:

56 **52-4-205. Purposes of closed meetings -- Certain issues prohibited in closed**
57 **meetings.**

- 58 (1) A closed meeting described under Section 52-4-204 may only be held for:
- 59 (a) except as provided in Subsection (3), discussion of the character, professional
60 competence, or physical or mental health of an individual;
- 61 (b) strategy sessions to discuss collective bargaining;
- 62 (c) strategy sessions to discuss pending or reasonably imminent litigation;
- 63 (d) strategy sessions to discuss the purchase, exchange, or lease of real property,
64 including any form of a water right or water shares, if public discussion of the transaction
65 would:
- 66 (i) disclose the appraisal or estimated value of the property under consideration; or
67 (ii) prevent the public body from completing the transaction on the best possible terms;
- 68 (e) strategy sessions to discuss the sale of real property, including any form of a water
69 right or water shares, if:
- 70 (i) public discussion of the transaction would:
- 71 (A) disclose the appraisal or estimated value of the property under consideration; or
72 (B) prevent the public body from completing the transaction on the best possible terms;
- 73 (ii) the public body previously gave public notice that the property would be offered for
74 sale; and
- 75 (iii) the terms of the sale are publicly disclosed before the public body approves the
76 sale;
- 77 (f) discussion regarding deployment of security personnel, devices, or systems;
- 78 (g) investigative proceedings regarding allegations of criminal misconduct;
- 79 (h) as relates to the Independent Legislative Ethics Commission, conducting business
80 relating to the receipt or review of ethics complaints;
- 81 (i) as relates to an ethics committee of the Legislature, a purpose permitted under
82 Subsection 52-4-204(1)(a)(iii)(C);
- 83 (j) as relates to the Independent Executive Branch Ethics Commission created in
84 Section 63A-14-202, conducting business relating to an ethics complaint;
- 85 (k) as relates to a county legislative body, discussing commercial information as

86 defined in Section 59-1-404;

87 (l) as relates to the Utah Higher Education Assistance Authority and its appointed
88 board of directors, discussing fiduciary or commercial information as defined in Section
89 53B-12-102;

90 (m) deliberations, not including any information gathering activities, of a public body
91 acting in the capacity of:

92 (i) an evaluation committee under Title 63G, Chapter 6a, Utah Procurement Code,
93 during the process of evaluating responses to a solicitation, as defined in Section 63G-6a-103;

94 (ii) a protest officer, defined in Section 63G-6a-103, during the process of making a
95 decision on a protest under Title 63G, Chapter 6a, Part 16, Protests; or

96 (iii) a procurement appeals panel under Title 63G, Chapter 6a, Utah Procurement
97 Code, during the process of deciding an appeal under Title 63G, Chapter 6a, Part 17,
98 Procurement Appeals Board;

99 (n) the purpose of considering information that is designated as a trade secret, as
100 defined in Section 13-24-2, if the public body's consideration of the information is necessary in
101 order to properly conduct a procurement under Title 63G, Chapter 6a, Utah Procurement Code;

102 (o) the purpose of discussing information provided to the public body during the
103 procurement process under Title 63G, Chapter 6a, Utah Procurement Code, if, at the time of
104 the meeting:

105 (i) the information may not, under Title 63G, Chapter 6a, Utah Procurement Code, be
106 disclosed to a member of the public or to a participant in the procurement process; and

107 (ii) the public body needs to review or discuss the information in order to properly
108 fulfill its role and responsibilities in the procurement process;

109 (p) as relates to the governing board of a governmental nonprofit corporation, as that
110 term is defined in Section 11-13a-102, the purpose of discussing information that is designated
111 as a trade secret, as that term is defined in Section 13-24-2, if:

112 (i) public knowledge of the discussion would reasonably be expected to result in injury
113 to the owner of the trade secret; and

114 (ii) discussion of the information is necessary for the governing board to properly
115 discharge the board's duties and conduct the board's business; or

116 (q) a purpose for which a meeting is required to be closed under Subsection (2).

117 (2) The following meetings shall be closed:

118 (a) a meeting of the Health and Human Services Interim Committee to review a report
119 described in Subsection 62A-16-301(1)(a), and the responses to the report described in
120 Subsections 62A-16-301(2) and (4);

121 (b) a meeting of the Child Welfare Legislative Oversight Panel to:

122 (i) review a report described in Subsection 62A-16-301(1)(a), and the responses to the
123 report described in Subsections 62A-16-301(2) and (4); or

124 (ii) review and discuss an individual case, as described in Subsection 62A-4a-207(5);

125 (c) a meeting of the Opioid and Overdose Fatality Review Committee, created in
126 Section 26-7-13, to review and discuss an individual case, as described in Subsection
127 26-7-13(10);

128 (d) a meeting of a conservation district as defined in Section 17D-3-102 for the
129 purpose of advising the Natural Resource Conservation Service of the United States
130 Department of Agriculture on a farm improvement project if the discussed information is
131 protected information under federal law;

132 (e) a meeting of the Compassionate Use Board established in Section 26-61a-105 for
133 the purpose of reviewing petitions for a medical cannabis card in accordance with Section
134 26-61a-105; [and]

135 (f) a meeting of the Colorado River Authority of Utah if:

136 (i) the purpose of the meeting is to discuss an interstate claim to the use of the water in
137 the Colorado River system; and

138 (ii) failing to close the meeting would:

139 (A) reveal the contents of a record classified as protected under Subsection
140 63G-2-305(82);

141 (B) reveal a legal strategy relating to the state's claim to the use of the water in the

142 Colorado River system;

143 (C) harm the ability of the Colorado River Authority of Utah or river commissioner to
144 negotiate the best terms and conditions regarding the use of water in the Colorado River
145 system; or

146 (D) give an advantage to another state or to the federal government in negotiations
147 regarding the use of water in the Colorado River system[-]; and

148 (g) a meeting of the General Regulatory Sandbox Program Advisory Committee if:

149 (i) the purpose of the meeting is to discuss an application for participation in the
150 regulatory sandbox as defined in Section 63N-16-102; and

151 (ii) failing to close the meeting would reveal the contents of a record classified as
152 protected under Subsection 63G-2-305(83).

153 (3) In a closed meeting, a public body may not:

154 (a) interview a person applying to fill an elected position;

155 (b) discuss filling a midterm vacancy or temporary absence governed by Title 20A,
156 Chapter 1, Part 5, Candidate Vacancy and Vacancy and Temporary Absence in Elected Office;
157 or

158 (c) discuss the character, professional competence, or physical or mental health of the
159 person whose name was submitted for consideration to fill a midterm vacancy or temporary
160 absence governed by Title 20A, Chapter 1, Part 5, Candidate Vacancy and Vacancy and
161 Temporary Absence in Elected Office.

162 Section 2. Section **63N-16-102** is amended to read:

163 **63N-16-102. Definitions.**

164 As used in this chapter:

165 (1) "Advisory committee" means the General Regulatory Sandbox Program Advisory
166 Committee created in Section 63N-16-104.

167 (2) "Applicable agency" means a department or agency of the state that by law
168 regulates a business activity and persons engaged in such business activity, including the
169 issuance of licenses or other types of authorization, which the office determines would

170 otherwise regulate a sandbox participant.

171 (3) "Applicant" means a person that applies to participate in the regulatory sandbox.

172 (4) "Blockchain technology" means the use of a digital database containing records of
173 financial transactions, which can be simultaneously used and shared within a decentralized,
174 publicly accessible network and can record transactions between two parties in a verifiable and
175 permanent way.

176 ~~[(4)]~~ (5) "Consumer" means a person that purchases or otherwise enters into a
177 transaction or agreement to receive an offering pursuant to a demonstration by a sandbox
178 participant.

179 ~~[(5)]~~ (6) "Demonstrate" or "demonstration" means to temporarily provide an offering in
180 accordance with the provisions of the regulatory sandbox program described in this chapter.

181 ~~[(6)]~~ (7) "Director" means the director of the Utah Office of Regulatory Relief created
182 in Section [63N-16-103](#).

183 ~~[(7)]~~ (8) "Executive director" means the executive director of the Governor's Office of
184 Economic Opportunity.

185 (9) "Financial product or service" means:

186 (a) a financial product or financial service that requires state licensure or registration;

187 or

188 (b) a financial product, financial service, or banking business that includes a business
189 model, delivery mechanism, offering of deposit accounts, or element that may require a license
190 or other authorization to act as a financial institution, enterprise, or other entity that is regulated
191 by Title 7, Financial Institutions Act, or other related provisions.

192 ~~[(8)]~~ (10) "Innovation" means the use or incorporation of a new or existing idea, a new
193 or emerging technology, or a new use of existing technology, including blockchain technology,
194 to address a problem, provide a benefit, or otherwise offer a product, production method, or
195 service.

196 ~~[(9)] "Innovative offering" means an offering that includes an innovation.]~~

197 (11) "Insurance product or service" means an insurance product or insurance service

198 that requires state licensure, registration, or other authorization as regulated by Title 31A,
 199 Insurance Code, including an insurance product or insurance service that includes a business
 200 model, delivery mechanism, or element that requires a license, registration, or other
 201 authorization to do an insurance business, act as an insurance producer or consultant, or engage
 202 in insurance adjusting as regulated by Title 31A, Insurance Code.

203 ~~[(10)]~~ (12) (a) "Offering" means a product, production method, or service, including a
 204 financial product or service or an insurance product or service, that includes an innovation.

205 (b) "Offering" does not include a product, production method, or service that is
 206 governed by~~[-]~~ Title 61, Chapter 1, Utah Uniform Securities Act.

207 ~~[(i) Title 31A, Insurance Code, as determined by the insurance commissioner; or]~~

208 ~~[(ii) Title 61, Chapter 1, Utah Uniform Securities Act.]~~

209 ~~[(11)]~~ (13) "Product" means a commercially distributed good that is:

210 (a) tangible personal property;

211 (b) the result of a production process; and

212 (c) passed through the distribution channel before consumption.

213 ~~[(12)]~~ (14) "Production" means the method or process of creating or obtaining a good,
 214 which may include assembling, breeding, capturing, collecting, extracting, fabricating, farming,
 215 fishing, gathering, growing, harvesting, hunting, manufacturing, mining, processing, raising, or
 216 trapping a good.

217 ~~[(13)]~~ (15) "Regulatory relief office" means the Utah Office of Regulatory Relief
 218 created in Section [63N-16-103](#).

219 ~~[(14)]~~ (16) "Regulatory sandbox" means the General Regulatory Sandbox Program
 220 created in Section [63N-16-201](#), which allows a person to temporarily demonstrate an offering
 221 under a waiver or suspension of one or more state laws or regulations.

222 ~~[(15)]~~ (17) "Sandbox participant" means a person whose application to participate in
 223 the regulatory sandbox is approved in accordance with the provisions of this chapter.

224 ~~[(16)]~~ (18) "Service" means any commercial activity, duty, or labor performed for
 225 another person.

226 Section 3. Section **63N-16-103** is amended to read:

227 **63N-16-103. Creation of regulatory relief office and appointment of director --**
228 **Responsibilities of regulatory relief office.**

229 (1) There is created within the Governor's Office of Economic Opportunity the Utah
230 Office of Regulatory Relief.

231 (2) (a) The regulatory relief office shall be administered by a director.

232 (b) The director shall report to the executive director and may appoint staff subject to
233 the approval of the executive director.

234 (3) The regulatory relief office shall:

235 (a) administer the provisions of this chapter;

236 (b) administer the regulatory sandbox program; and

237 (c) act as a liaison between private businesses and applicable agencies to identify state
238 laws or regulations that could potentially be waived or suspended under the regulatory sandbox
239 program.

240 (4) The regulatory relief office may:

241 (a) review state laws and regulations that may unnecessarily inhibit the creation and
242 success of new companies or industries and provide recommendations to the governor and the
243 Legislature on modifying such state laws and regulations;

244 (b) create a framework for analyzing the risk level to the health, safety, and financial
245 well-being of consumers related to permanently removing or temporarily waiving laws and
246 regulations inhibiting the creation or success of new and existing companies or industries;

247 (c) propose potential reciprocity agreements between states that use or are proposing to
248 use similar regulatory sandbox programs as described in this chapter[, ~~Section 13-55-103, or~~
249 ~~Section 31A-47-103~~]; and

250 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and
251 the provisions of this chapter, make rules regarding:

252 (i) administering the regulatory sandbox, including making rules regarding the
253 application process and the reporting requirements of sandbox participants; and

254 (ii) cooperating and consulting with other agencies in the state that administer sandbox
255 programs.

256 Section 4. Section **63N-16-104** is amended to read:

257 **63N-16-104. Creation and duties of advisory committee.**

258 (1) There is created the General Regulatory Sandbox Program Advisory Committee.

259 (2) The advisory committee shall have 11 members as follows:

260 (a) six members appointed by the director who represent businesses interests and are
261 selected from a variety of industry clusters;

262 (b) three members appointed by the director who represent state agencies that regulate
263 businesses;

264 (c) one member of the Senate, appointed by the president of the Senate; and

265 (d) one member of the House of Representatives, appointed by the speaker of the
266 House of Representatives.

267 (3) (a) Subject to Subsection (3)(b), members of the advisory committee who are not
268 legislators shall be appointed to a four-year term.

269 (b) Notwithstanding the requirements of Subsection (3)(a), the director may adjust the
270 length of terms of appointments and reappointments to the advisory committee so that
271 approximately half of the advisory committee is appointed every two years.

272 (4) The director shall select a chair of the advisory committee on an annual basis.

273 (5) A majority of the advisory committee constitutes a quorum for the purpose of
274 conducting advisory committee business, and the action of the majority of a quorum constitutes
275 the action of the advisory committee.

276 (6) The advisory committee shall advise and make recommendations to the regulatory
277 relief office as described in this chapter.

278 (7) The regulatory relief office shall provide administrative staff support for the
279 advisory committee.

280 (8) (a) A member may not receive compensation or benefits for the member's service,
281 but a member appointed under Subsection (2)(a) may receive per diem and travel expenses in

282 accordance with:

283 (i) Sections 63A-3-106 and 63A-3-107; and

284 (ii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
285 63A-3-107.

286 (b) Compensation and expenses of a member who is a legislator are governed by
287 Section 36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and Expenses.

288 [~~9~~ Meetings of the advisory committee are not subject to Title 52, Chapter 4, Open
289 and Public Meetings Act.]

290 Section 5. Section 63N-16-201 is amended to read:

291 **63N-16-201. General Regulatory Sandbox Program -- Application requirements.**

292 (1) There is created in the regulatory relief office the General Regulatory Sandbox
293 Program.

294 (2) In administering the regulatory sandbox, the regulatory relief office:

295 (a) shall consult with each applicable agency;

296 (b) shall establish a program to enable a person to obtain legal protections and limited
297 access to the market in the state to demonstrate an [innovative] offering without obtaining a
298 license or other authorization that might otherwise be required;

299 (c) may enter into agreements with or adopt the best practices of corresponding federal
300 regulatory agencies or other states that are administering similar programs; and

301 (d) may consult with businesses in the state about existing or potential proposals for
302 the regulatory sandbox.

303 (3) (a) An applicant for the regulatory sandbox may contact the regulatory relief office
304 to request a consultation regarding the regulatory sandbox before submitting an application.

305 (b) The regulatory relief office shall provide relevant information regarding the
306 regulatory sandbox program[, including informing an applicant whether it would be better to
307 apply for the programs described in Section 13-55-103 or Section 31A-47-103].

308 (c) The regulatory relief office may provide assistance to an applicant in preparing an
309 application for submission.

310 (4) An applicant for the regulatory sandbox shall provide to the regulatory relief office
311 an application in a form prescribed by the regulatory relief office that:

312 (a) confirms the applicant is subject to the jurisdiction of the state;

313 (b) confirms the applicant has established a physical or virtual location in the state,
314 from which the demonstration of an [innovative] offering will be developed and performed and
315 where all required records, documents, and data will be maintained;

316 (c) contains relevant personal and contact information for the applicant, including legal
317 names, addresses, telephone numbers, email addresses, website addresses, and other
318 information required by the regulatory relief office;

319 (d) discloses criminal convictions of the applicant or other participating personnel, if
320 any;

321 (e) contains a description of the [innovative] offering to be demonstrated, including
322 statements regarding:

323 (i) how the offering is subject to licensing, legal prohibition, or other authorization
324 requirements outside of the regulatory sandbox;

325 (ii) each law or regulation that the applicant seeks to have waived or suspended while
326 participating in the regulatory sandbox program;

327 (iii) how the offering would benefit consumers;

328 (iv) how the offering is different from other offerings available in the state;

329 (v) what risks might exist for consumers who use or purchase the offering;

330 (vi) how participating in the regulatory sandbox would enable a successful
331 demonstration of the offering;

332 (vii) a description of the proposed demonstration plan, including estimated time
333 periods for beginning and ending the demonstration;

334 (viii) recognition that the applicant will be subject to all laws and regulations
335 pertaining to the applicant's offering after conclusion of the demonstration; and

336 (ix) how the applicant will end the demonstration and protect consumers if the
337 demonstration fails;

- 338 (f) lists each government agency, if any, that the applicant knows regulates the
339 applicant's business; and
- 340 (g) provides any other required information as determined by the regulatory relief
341 office.
- 342 (5) The regulatory relief office may collect an application fee from an applicant that is
343 set in accordance with Section 63J-1-504.
- 344 (6) An applicant shall file a separate application for each [innovative] offering that the
345 applicant wishes to demonstrate.
- 346 (7) After an application is filed, the regulatory relief office shall:
- 347 (a) [~~shall classify the application and any related information provided by the applicant~~
348 ~~as a protected record~~] classify, as a protected record, any part of the application that the office
349 determines is nonpublic, confidential information that if disclosed would result in actual
350 economic harm to the applicant in accordance with Subsection 63G-2-305[(82)](83);
- 351 (b) consult with each applicable government agency that regulates the applicant's
352 business regarding whether more information is needed from the applicant; and
- 353 (c) seek additional information from the applicant that the regulatory relief office
354 determines is necessary.
- 355 (8) No later than five business days after the day on which a complete application is
356 received by the regulatory relief office, the regulatory relief office shall:
- 357 (a) review the application and refer the application to each applicable government
358 agency that regulates the applicant's business; [and]
- 359 (b) provide to the applicant:
- 360 (i) an acknowledgment of receipt of the application; and
361 (ii) the identity and contact information of each regulatory agency to which the
362 application has been referred for review[-]; and
- 363 (c) provide public notice, on the office's website and through other appropriate means,
364 of each law or regulation that the office is considering to suspend or waive under the
365 application.

366 (9) (a) Subject to Subsections (9)(c) and (9)(g), no later than 30 days after the day on
367 which an applicable agency receives a complete application for review, the applicable agency
368 shall provide a written report to the director of the applicable agency's findings.

369 (b) The report shall:

370 (i) describe any identifiable, likely, and significant harm to the health, safety, or
371 financial well-being of consumers that the relevant law or regulation protects against; and

372 (ii) make a recommendation to the regulatory relief office that the applicant either be
373 admitted or denied entrance into the regulatory sandbox.

374 (c) (i) The applicable agency may request an additional five business days to deliver
375 the written report by providing notice to the director, which request shall automatically be
376 granted.

377 (ii) The applicable agency may only request one extension per application.

378 (d) If the applicable agency recommends an applicant under this section be denied
379 entrance into the regulatory sandbox, the written report shall include a description of the
380 reasons for the recommendation, including why a temporary waiver or suspension of the
381 relevant laws or regulations would potentially significantly harm the health, safety, or financial
382 well-being of consumers or the public and the likelihood of such harm occurring.

383 (e) If the agency determines that the consumer's or public's health, safety, or financial
384 well-being can be protected through less restrictive means than the existing relevant laws or
385 regulations, then the applicable agency shall provide a recommendation of how that can be
386 achieved.

387 (f) If an applicable agency fails to deliver a written report as described in this
388 Subsection (9), the director shall assume that the applicable agency does not object to the
389 temporary waiver or suspension of the relevant laws or regulations for an applicant seeking to
390 participate in the regulatory sandbox.

391 (g) Notwithstanding any other provision of this section, an applicable agency may by
392 written notice to the regulatory relief office:

393 (i) within the 30 days after the day on which the applicable agency receives a complete

394 application for review, or within 35 days if an extension has been requested by the applicable
395 agency, reject an application if the applicable agency determines, in the applicable agency's
396 sole discretion, that the applicant's offering fails to comply with standards or specifications:

397 (A) required by federal law or regulation; or

398 (B) previously approved for use by a federal agency; or

399 (ii) reject an application preliminarily approved by the regulatory relief office, if the
400 applicable agency:

401 (A) recommended rejection of the application in accordance with Subsection (9)(d) in
402 the agency's written report; and

403 (B) provides in the written notice under this Subsection (9)(g), a description of the
404 applicable agency's reasons why approval of the application would create a substantial risk of
405 harm to the health or safety of the public, or create unreasonable expenses for taxpayers in the
406 state.

407 (h) If an applicable agency rejects an application under Subsection (9)(g), the
408 regulatory relief office may not approve the application.

409 (10) (a) Upon receiving a written report described in Subsection (9), the director shall
410 provide the application and the written report to the advisory committee.

411 (b) The director may call the advisory committee to meet as needed, but not less than
412 once per quarter if applications are available for review.

413 (c) After receiving and reviewing the application and each written report, the advisory
414 committee shall provide to the director the advisory committee's recommendation as to whether
415 or not the applicant should be admitted as a sandbox participant under this chapter.

416 (d) As part of the advisory committee's review of each written report, the advisory
417 committee shall use the criteria required for an applicable agency as described in Subsection
418 (9).

419 (11) (a) In reviewing an application and each applicable agency's written report, the
420 regulatory relief office shall consult with each applicable agency and the advisory committee
421 before admitting an applicant into the regulatory sandbox.

422 (b) The consultation with each applicable agency and the consultation with the
423 advisory committee may include seeking information about whether:

424 (i) the applicable agency has previously issued a license or other authorization to the
425 applicant; and

426 (ii) the applicable agency has previously investigated, sanctioned, or pursued legal
427 action against the applicant.

428 (12) In reviewing an application under this section, the regulatory relief office and each
429 applicable agency shall consider whether a competitor to the applicant is or has been a sandbox
430 participant and, if so, weigh that as a factor in favor of allowing the applicant to also become a
431 sandbox participant.

432 (13) In reviewing an application under this section, the regulatory relief office shall
433 consider whether:

434 (a) the applicant's plan will adequately protect consumers from potential harm
435 identified by an applicable agency in the applicable agency's written report;

436 (b) the risk of harm to consumers is outweighed by the potential benefits to consumers
437 from the applicant's participation in the regulatory sandbox; and

438 (c) certain state laws or regulations that regulate an offering should not be waived or
439 suspended even if the applicant is approved as a sandbox participant, including applicable
440 antifraud or disclosure provisions.

441 (14) (a) An applicant becomes a sandbox participant if the regulatory relief office
442 approves the application for the regulatory sandbox and enters into a written agreement with
443 the applicant describing the specific laws and regulations that are waived or suspended as part
444 of participation in the regulatory sandbox.

445 (b) Notwithstanding any other provision of this chapter, the regulatory relief office may
446 not enter into a written agreement with an applicant that waives or suspends a tax, fee, or
447 charge that is administered by the State Tax Commission or that is described in Title 59,
448 Revenue and Taxation.

449 (15) (a) The director may deny at the director's sole discretion any application

450 submitted under this section for any reason, including if the director determines that the
451 preponderance of evidence demonstrates that suspending or waiving enforcement of a law or
452 regulation would cause a significant risk of harm to consumers or residents of the state.

453 (b) If the director denies an application submitted under this section, the regulatory
454 relief office shall provide to the applicant a written description of the reasons for not allowing
455 the applicant to be a sandbox participant.

456 (c) The denial of an application submitted under this section is not subject to:

457 (i) agency or judicial review; or

458 (ii) the provisions of Title 63G, Chapter 4, Administrative Procedures Act.

459 (16) The director shall deny an application for participation in the regulatory sandbox
460 described by this section if [~~(a) the director determines that the applicant should instead apply~~
461 ~~for the Regulatory Sandbox Program created in Section 13-55-103 for a financial product or~~
462 ~~service or the Insurance Regulatory Sandbox Program created in Section 31A-47-103 for an~~
463 ~~insurance product or service; or (b)] the applicant or any person who seeks to participate with
464 the applicant in demonstrating an offering has been convicted, entered a plea of nolo
465 contendere, or entered a plea of guilty or nolo contendere held in abeyance, for any crime
466 involving significant theft, fraud, or dishonesty if the crime bears a significant relationship to
467 the applicant's or other participant's ability to safely and competently participate in the
468 regulatory sandbox program.~~

469 (17) (a) When an applicant is approved for participation in the regulatory sandbox, the
470 director [~~may provide~~] shall provide public notice of the approval [to competitors of the
471 ~~applicant and to the public] on the office's website and through other appropriate means.~~

472 (b) The public notice described in Subsection (17)(a) shall state:

473 (i) the name of the sandbox participant;

474 (ii) the industries the sandbox participant represents; and

475 (iii) each law or regulation that is suspended or waived for the sandbox participant as
476 allowed by the regulatory sandbox.

477 (18) In addition to the information described in Subsection (17), the office shall make

478 the following information available on the office's website and through other appropriate
479 means:

480 (a) documentation regarding the office's determination and grounds for approving each
481 sandbox participant; and

482 (b) public notice regarding any sandbox participant's revocation to participate in the
483 regulatory sandbox.

484 Section 6. Section **63N-16-202** is amended to read:

485 **63N-16-202. Scope of the regulatory sandbox.**

486 (1) If the regulatory relief office approves an application under this part, the sandbox
487 participant has 12 months after the day on which the application was approved to demonstrate
488 the offering described in the sandbox participant's application.

489 (2) An offering that is demonstrated within the regulatory sandbox is subject to the
490 following:

491 (a) each consumer shall be a resident of the state; and

492 (b) no law or regulation may be waived or suspended if waiving or suspending the law
493 or regulation would prevent a consumer from seeking restitution in the event that the consumer
494 is harmed.

495 (3) This part does not restrict a sandbox participant who holds a license or other
496 authorization in another jurisdiction from acting in accordance with that license or other
497 authorization.

498 (4) A sandbox participant is deemed to possess an appropriate license or other
499 authorization under the laws of the state for the purposes of any provision of federal law
500 requiring licensure or other authorization by the state.

501 (5) Subject to Subsection (6):

502 (a) during the demonstration period, a sandbox participant is not subject to the
503 enforcement of state laws or regulations identified in the written agreement between the
504 regulatory relief office and the sandbox participant described in Subsection **63N-16-201**(14);

505 (b) a prosecutor may not file or pursue charges pertaining to a law or regulation

506 identified in the written agreement between the regulatory relief office and the sandbox
507 participant described in Subsection 63N-16-201(14) that occurs during the demonstration
508 period; and

509 (c) a state agency may not file or pursue any punitive action against a sandbox
510 participant, including a fine or license suspension or revocation, for the violation of a law or
511 regulation that:

512 (i) is identified as being waived or suspended in the written agreement between the
513 regulatory relief office and the sandbox participant described in Subsection 63N-16-201(14);
514 and

515 (ii) occurs during the demonstration period.

516 (6) Notwithstanding any other provision of this part[;]:

517 (a) a sandbox participant does not have immunity related to any criminal offense
518 committed during the sandbox participant's participation in the regulatory sandbox[;]; and

519 (b) a sandbox participant that provides an offering that is a financial product or service
520 shall comply with all applicable federal laws and regulations governing consumer protection.

521 (7) By written notice, the regulatory relief office may end a sandbox participant's
522 participation in the regulatory sandbox at any time and for any reason, including if the director
523 determines that a sandbox participant is not operating in good faith to bring an [innovative]
524 offering to market.

525 (8) The regulatory relief office and the regulatory relief office's employees are not
526 liable for any business losses or the recouping of application expenses or other expenses related
527 to the regulatory sandbox, including for:

528 (a) denying an applicant's application to participate in the regulatory sandbox for any
529 reason; or

530 (b) ending a sandbox participant's participation in the regulatory sandbox at any time
531 and for any reason.

532 Section 7. Section 63N-16-206 is amended to read:

533 **63N-16-206. Record keeping and reporting requirements.**

534 (1) A sandbox participant shall retain records, documents, and data produced in the
535 ordinary course of business regarding an offering demonstrated in the regulatory sandbox.

536 (2) If a sandbox participant ceases to provide an offering before the end of a
537 demonstration period, the sandbox participant shall notify the regulatory relief office and each
538 applicable agency and report on actions taken by the sandbox participant to ensure consumers
539 have not been harmed as a result.

540 (3) The regulatory relief office shall establish quarterly reporting requirements for a
541 sandbox participant, including information about any consumer complaints.

542 (4) The regulatory relief office may request records, documents, and data from a
543 sandbox participant and, upon the regulatory relief office's request, the sandbox participant
544 shall make such records, documents, and data available for inspection by the regulatory relief
545 office.

546 (5) (a) The sandbox participant shall notify the regulatory relief office and each
547 applicable agency of any incidents that result in harm to the health, safety, or financial
548 well-being of a consumer.

549 (b) If a sandbox participant fails to notify the regulatory relief office and each
550 applicable agency of any incidents as described in Subsection (5)(a), or the regulatory relief
551 office or an applicable agency has evidence that significant harm to a consumer has occurred,
552 the regulatory relief office may immediately remove the sandbox participant from the
553 regulatory sandbox.

554 (6) (a) No later than 30 days after the day on which a sandbox participant exits the
555 regulatory sandbox, the sandbox participant shall submit a written report to the regulatory relief
556 office and each applicable agency describing an overview of the sandbox participant's
557 demonstration, including any:

558 (i) incidents of harm to consumers;

559 (ii) legal action filed against the participant as a result of the participant's
560 demonstration; and

561 (iii) complaints filed with an applicable agency as a result of the participant's

562 demonstration.

563 (b) No later than 30 days after the day on which an applicable agency receives the
564 quarterly reporting described in Subsection (3) or a written report from a sandbox participant as
565 described in Subsection [~~(5)~~] (6)(a), the applicable agency shall provide a written report to the
566 regulatory relief office on the demonstration that describes any statutory or regulatory reform
567 the applicable agency recommends as a result of the demonstration.

568 (7) The regulatory relief office may remove a sandbox participant from the regulatory
569 sandbox at any time if the regulatory relief office determines that a sandbox participant has
570 engaged in, is engaging in, or is about to engage in any practice or transaction that is in
571 violation of this chapter or that constitutes a violation of a law or regulation for which
572 suspension or waiver has not been granted.

573 Section 8. **Repealer.**

574 This bill repeals:

575 Section **13-55-101, Title.**

576 Section **13-55-102, Definitions.**

577 Section **13-55-103, Regulatory Sandbox Program -- Application requirements.**

578 Section **13-55-104, Scope of the regulatory sandbox.**

579 Section **13-55-105, Consumer protection for regulatory sandbox.**

580 Section **13-55-106, Requirements for exiting regulatory sandbox.**

581 Section **13-55-107, Extensions.**

582 Section **13-55-108, Record keeping and reporting requirements.**

583 Section **31A-47-101, Title.**

584 Section **31A-47-102, Definitions.**

585 Section **31A-47-103, Insurance Regulatory Sandbox Program -- Application**
586 **requirements.**

587 Section **31A-47-104, Scope of the insurance regulatory sandbox.**

588 Section **31A-47-105, Consumer protection for insurance regulatory sandbox.**

589 Section **31A-47-106, Requirements for exiting insurance regulatory sandbox.**

590 Section **31A-47-107**, **Extensions.**

591 Section **31A-47-108**, **Record keeping and reporting requirements.**