

MEMORANDUM

To: The Senate Committee on Commerce

From: The Office of Revisor of Statutes

Date: 3/10/2025

Re: H.B. 2291, as amended by House Committee of the Whole; Creating the regulatory relief division within the office of the attorney general and establishing the general regulatory sandbox program to waive or suspend rules and regulations for program participants.

Establishment of Regulatory Relief Division

- The bill would establish a regulatory relief division within the office of the attorney general to administer and support the general regulatory sandbox program.¹
- The attorney general would appoint a director for the division, who would report to the attorney general and could appoint staff with approval.² Such staff would be limited to one full-time and one part-time employee unless otherwise approved by the legislative budget committees.³

Functions of the Regulatory Relief Division

- The division would administer the general regulatory sandbox program and act as a liaison between private businesses and agencies⁴ to identify rules and regulations that could be waived.⁵
- It could review state laws that may unnecessarily inhibit business success and recommend changes to the governor and legislature.⁶
- The division could propose reciprocity agreements with other states that use or propose to use similar sandbox programs.⁷

¹ Pg. 1, lines 20-22

² *Id.* at 27-29

³ *Id.* at 30-33

⁴ The term "agency" is defined in the bill to exclude the judicial and legislative branches, *Id.* at 11

⁵ Pg. 2, lines 2-7

⁶ *Id.* at 9-13

⁷ *Id.* at 18-20

General Regulatory Sandbox Program

- The program would allow businesses to demonstrate innovative offerings without obtaining the otherwise required certification or registration.⁸ However, the program could not waive or suspend any state or federal licensing requirements⁹ or any tax, fee or charge administered under Chapter 79 of state law.¹⁰ The program would also be prohibited from waiving or suspending rules and regulations that are related to alcoholic beverages.¹¹
- The regulatory relief division could enter into agreements with or adopt the best practices of federal agencies or other states.¹²
- The division could also consult with businesses in the state about existing or potential proposals for the sandbox program.¹³

Advisory Committee

- An 11-person advisory committee would be established to advise the regulatory relief division.¹⁴
- The committee would meet as needed and provide recommendations on applications.¹⁵

Application Process

- Applicants would need to provide detailed information about their innovative offerings and how they would benefit consumers.¹⁶
- The division could charge a fee not to exceed \$250 for each application.¹⁷ The division would be required to maintain confidentiality of the application information.¹⁸
- The regulatory relief office would be required to consult with applicable agencies to determine if more information is needed from the applicant and seek any necessary information to complete an application.¹⁹

⁸ Pg. 4, lines 8-12.

⁹ *Id.* at 13-16

¹⁰ Pg. 8, lines 22-25

¹¹ Pg. 4 at 17-21

¹² *Id.* at 22-24

¹³ *Id.* at 25-26

¹⁴ Pg. 2, line 28 through Pg. 3, line 23

¹⁵ *Id.*

¹⁶ *Id.* at 34 through pg. 5, line 30

¹⁷ Pg. 5, lines 31-32

¹⁸ *Id.* at 35-43

¹⁹ Pg. 6, lines 3-8

- The bill would require applicable agencies to provide a written report within 30 days of receiving a complete application, describing potential harm to consumers and recommending whether the application should be admitted or denied.²⁰
- If an agency fails to deliver a report, it would be assumed that the agency does not object to the waiver or suspension.²¹

Application Rejection or Approval

- Agencies could reject applications if they fail to comply with federal standards or if approval would create substantial risk or expenses.²²
- If an applicable agency rejects an application, the regulatory relief office could not approve the application unless the advisory committee recommends approval by a two-thirds vote.²³
- The advisory committee would review applications and provide recommendations based on agency reports.²⁴
- The director could deny applications for any reason, including potential harm to consumers.²⁵

Sandbox Participation and Limitations

- The bill would allow applicants to become sandbox participants if approved by the regulatory relief office, with specific rules and regulations waived or suspended.²⁶
- The director would provide notice of the approval to the public and to the applicant's competitors (through the AG's or the division's website).²⁷

Demonstration Period and Protections

- Sandbox participants would have 12 to 24 months to demonstrate their innovative offering, with certain consumer protections in place.²⁸
- Sandbox participants would need to disclose certain information to consumers, including potential risks and the temporary nature of the offering.²⁹
- The regulatory relief office could require additional disclosures to protect consumers.³⁰

²⁰ *Id.* at 16-25

²¹ Pg. 6, line 42

²² Pg. 7, lines 4-20

²³ *Id.* at 25-35

²⁴ *Id.* at 25-35

²⁵ Pg. 8, lines 26-32

²⁶ *Id.* at 17-21

²⁷ Pg. 9, lines 1-6

²⁸ *Id.* at 7-16

²⁹ Pg. 10, lines 17-40

³⁰ Pg. 11, lines 2-3

- Participants would not be subject to enforcement of waived rules during the demonstration period, except for criminal offenses.³¹
- The regulatory relief office could terminate participation at any time for any reason.³²

Reporting and Evaluation

- The director would submit annual reports to legislative committees, including information on program participants and recommendations for legal changes.³³
- Sandbox participants would be required to retain records and report any incidents of consumer harm to the regulatory relief office, each applicable agency and the joint committee on administrative rules and regulations.³⁴

Termination and Extension of Participation

- Participants could request an extension of the demonstration period, which the regulatory relief office could grant for up to 12 additional months.³⁵
- The regulatory relief office could end a participant's involvement at any time if they are not operating in good faith.³⁶

Public Engagement and Feedback

- The regulatory relief office would maintain a website for public suggestions on reducing regulatory burdens and compile these suggestions into reports for the government.³⁷

H.B. 2291 would become effective upon publication in the statute book.

³¹ Pg 9 at 25 through pg. 10, line 3

³² Pg. 10, lines 4-16

³³ Pg. 3, lines 31-43

³⁴ Pg. 11, line 30 through pg. 12, line 9

³⁵ *Id.* at 20-29

³⁶ Pg. 10, lines 4-8

³⁷ Pg. 12, line 41 through Pg. 13, line 15