

Representative A. Cory Maloy proposes the following substitute bill:

REGULATORY SANDBOX PROGRAM AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: A. Cory Maloy

Senate Sponsor: Ann Millner

LONG TITLE

General Description:

This bill addresses state regulatory sandbox programs.

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

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

53

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 idea, a new or
193 emerging technology, or a new use of existing technology [~~to address a problem, provide a~~
194 ~~benefit, or otherwise offer a product, production method, or service], including blockchain~~

195 technology.

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, or

204 including a financial product or service or an insurance product or service, that addresses a

205 problem or provides a benefit.

206 (b) "Offering" does not include a product, production method, or service that is

207 governed by[:] Title 61, Chapter 1, Utah Uniform Securities Act.

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

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

210 ~~[(11)]~~ (13) "Product" means a commercially distributed good that is:

211 (a) tangible personal property;

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

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

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

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

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

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

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

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

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

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

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

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

235 (3) The regulatory relief office shall:

236 (a) administer the provisions of this chapter;

237 (b) administer the regulatory sandbox program; and

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

241 (4) The regulatory relief office may:

242 (a) review state laws and regulations that may unnecessarily inhibit the creation and

243 success of new companies or industries and provide recommendations to the governor and the
244 Legislature on modifying such state laws and regulations;

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

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

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

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

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

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

258 **63N-16-104. Creation and duties of advisory committee.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

285 (ii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
286 63A-3-107.

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

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

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

292 **63N-16-201. General Regulatory Sandbox Program -- Application requirements.**

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

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

296 (a) shall consult with each applicable agency;

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

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

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

304 (3) (a) An applicant for the regulatory sandbox may contact the regulatory relief office

305 to request a consultation regarding the regulatory sandbox before submitting an application.

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

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

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

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

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

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

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

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

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

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

328 (iii) how the offering would benefit consumers;

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

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

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

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

335 (viii) recognition that the applicant will be subject to all laws and regulations

336 pertaining to the applicant's offering after conclusion of the demonstration; and

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

339 (f) lists each government agency, if any, that the applicant knows regulates the
340 applicant's business; and

341 (g) provides any other required information as determined by the regulatory relief
342 office.

343 (5) The regulatory relief office may collect an application fee from an applicant that is
344 set in accordance with Section 63J-1-504.

345 (6) An applicant shall file a separate application for each ~~[innovative]~~ offering that the
346 applicant wishes to demonstrate.

347 (7) After an application is filed, the regulatory relief office shall:

348 (a) ~~[shall classify the application and any related information provided by the applicant~~
349 ~~as a protected record]~~ classify, as a protected record, any part of the application that the office
350 determines is nonpublic, confidential information that if disclosed would result in actual
351 economic harm to the applicant in accordance with Subsection 63G-2-305~~(+82)~~(83);

352 (b) consult with each applicable government agency that regulates the applicant's
353 business regarding whether more information is needed from the applicant; and

354 (c) seek additional information from the applicant that the regulatory relief office
355 determines is necessary.

356 (8) No later than five business days after the day on which a complete application is
357 received by the regulatory relief office, the regulatory relief office shall:

358 (a) review the application and refer the application to each applicable government
359 agency that regulates the applicant's business; ~~[and]~~

360 (b) provide to the applicant:

361 (i) an acknowledgment of receipt of the application; and

362 (ii) the identity and contact information of each regulatory agency to which the
363 application has been referred for review~~[-];~~ and

364 (c) provide public notice, on the office's website and through other appropriate means,
365 of each law or regulation that the office is considering to suspend or waive under the
366 application.

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

370 (b) The report shall:

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

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

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

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

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

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

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

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

394 (i) within the 30 days after the day on which the applicable agency receives a complete
395 application for review, or within 35 days if an extension has been requested by the applicable
396 agency, reject an application if the applicable agency determines, in the applicable agency's
397 sole discretion, that the applicant's offering fails to comply with standards or specifications:

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

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

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

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

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

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

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

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

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

417 (d) As part of the advisory committee's review of each written report, the advisory
418 committee shall use the criteria required for an applicable agency as described in Subsection
419 (9).

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

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

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

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

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

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

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

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

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

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

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

450 (15) (a) The director may deny at the director's sole discretion any application
451 submitted under this section for any reason, including if the director determines that the
452 preponderance of evidence demonstrates that suspending or waiving enforcement of a law or
453 regulation would cause a significant risk of harm to consumers or residents of the state.

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

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

458 (i) agency or judicial review; or

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

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

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

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

474 (i) the name of the sandbox participant;

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

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

478 (18) In addition to the information described in Subsection (17), the office shall make
479 the following information available on the office's website and through other appropriate
480 means:

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

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

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

486 **63N-16-202. Scope of the regulatory sandbox.**

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

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

491 following:

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

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

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

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

502 (5) Subject to Subsection (6):

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

506 (b) a prosecutor may not file or pursue charges pertaining to a law or regulation
507 identified in the written agreement between the regulatory relief office and the sandbox
508 participant described in Subsection 63N-16-201(14) that occurs during the demonstration
509 period; and

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

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

516 (ii) occurs during the demonstration period.

517 (6) Notwithstanding any other provision of this part[-];

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

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

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

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

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

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

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

534 **63N-16-206. Record keeping and reporting requirements.**

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

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

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

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

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

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

553 the regulatory relief office may immediately remove the sandbox participant from the
554 regulatory sandbox.

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

559 (i) incidents of harm to consumers;

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

562 (iii) complaints filed with an applicable agency as a result of the participant's
563 demonstration.

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

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

574 Section 8. **Repealer.**

575 This bill repeals:

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

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

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

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

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

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

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

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

- 584 Section **31A-47-101**, Title.
- 585 Section **31A-47-102**, Definitions.
- 586 Section **31A-47-103**, Insurance Regulatory Sandbox Program -- Application
- 587 requirements.
- 588 Section **31A-47-104**, Scope of the insurance regulatory sandbox.
- 589 Section **31A-47-105**, Consumer protection for insurance regulatory sandbox.
- 590 Section **31A-47-106**, Requirements for exiting insurance regulatory sandbox.
- 591 Section **31A-47-107**, Extensions.
- 592 Section **31A-47-108**, Record keeping and reporting requirements.