UTAH OFFICE OF REGULATORY RELIEF REVISIONS

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2024 GENERAL SESSION STATE OF UTAH

Chief Sponsor: A. Cory Maloy

•	Senate Sponsor: Curtis S. Bramble
2 3	LONG TITLE
4	General Description:
5	This bill modifies the Utah Office of Regulatory Relief and the General Regulatory
6	Sandbox Program (regulatory sandbox).
7	Highlighted Provisions:
8	This bill:
9	• defines terms;
10	 clarifies responsibilities of the Utah Office of Regulatory Relief;
11	 reduces the membership of the General Regulatory Sandbox Program Advisory
12	Committee (advisory committee);
13	 under certain circumstances, permits the director to temporarily appoint additional
14	advisory committee members;
15	requires the advisory committee to:
16	 approve or reject an application into the regulatory sandbox; and
17	 annually select a chair of the advisory committee;
18	amends the application requirements of the regulatory sandbox;
21	 modifies a regulatory government agency's reporting requirements; 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:

63N-16-102, as last amended by Laws of Utah 2022, Chapter 332

30	63N-16-103 , as last amended by Laws of Utah 2022, Chapter 332
31	63N-16-104 , as last amended by Laws of Utah 2022, Chapter 332

- 32 **63N-16-201**, as last amended by Laws of Utah 2022, Chapter 332
- 33 **63N-16-205**, as enacted by Laws of Utah 2021, Chapter 373
- **63N-16-206**, as last amended by Laws of Utah 2022, Chapter 332

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- Be it enacted by the Legislature of the state of Utah:
- Section 1. Section **63N-16-102** is amended to read:
- 38 **63N-16-102** . Definitions.
- 39 As used in this chapter:
- 40 (1) "Advisory committee" means the General Regulatory Sandbox Program Advisory
 41 Committee created in Section 63N-16-104.
- 42 (2) "Applicable agency" means a department or agency of the state that by law regulates a
 43 business activity and persons engaged in such business activity, including the issuance
 44 of licenses or other types of authorization, which the office determines would otherwise
 45 regulate a sandbox participant.
- 46 (3) "Applicant" means a person that applies to participate in the regulatory sandbox.
- 47 (4) "Blockchain technology" means the use of a digital database containing records of
 48 financial transactions, which can be simultaneously used and shared within a
 49 decentralized, publicly accessible network and can record transactions between two
 50 parties in a verifiable and permanent way.
- 51 (5) "Consumer" means a person that purchases or otherwise enters into a transaction or 52 agreement to receive an offering pursuant to a demonstration by a sandbox participant.
- 53 (6) "Demonstrate" or "demonstration" means to temporarily provide an offering in 54 accordance with the provisions of the regulatory sandbox program described in this 55 chapter.
- (7) "Director" means the director of the Utah Office of Regulatory Relief created in Section
 63N-16-103.
- 58 (8) "Executive director" means the executive director of the Governor's Office of Economic Opportunity.
- 60 (9) "Financial product or service" means:
- 61 (a) a financial product or financial service that requires state licensure or registration; or
- (b) a financial product, financial service, or banking business that includes a business
 model, delivery mechanism, offering of deposit accounts, or element that may require

64	a license or other authorization to act as a financial institution, enterprise, or other
65	entity that is regulated by Title 7, Financial Institutions Act, or other related
66	provisions.
67	(10) "Health, safety, and financial well-being" includes protecting against physical injury,
68	property damage, or financial harm.
69	(11) "Innovation" means the use or incorporation of a new or existing idea, a new or
70	emerging technology, or a new use of existing technology, including blockchain
71	technology, to address a problem, provide a benefit, or otherwise offer a product,
72	production method, or service.
73	[(11)] (12) "Insurance product or service" means an insurance product or insurance service
74	that requires state licensure, registration, or other authorization as regulated by Title
75	31A, Insurance Code, including an insurance product or insurance service that includes a
76	business model, delivery mechanism, or element that requires a license, registration, or
77	other authorization to do an insurance business, act as an insurance producer or
78	consultant, or engage in insurance adjusting as regulated by Title 31A, Insurance Code.
79	[(12)] (13) (a) "Offering" means a product, production method, or service, including a
80	financial product or service or an insurance product or service, that includes an
81	innovation.
82	(b) "Offering" does not include a product, production method, or service that is governed
83	by Title 61, Chapter 1, Utah Uniform Securities Act.
84	[(13)] (14) "Product" means a commercially distributed good that is:
85	(a) tangible personal property;
86	(b) the result of a production process; and
87	(c) passed through the distribution channel before consumption.
88	[(14)] (15) "Production" means the method or process of creating or obtaining a good, which
89	may include assembling, breeding, capturing, collecting, extracting, fabricating,
90	farming, fishing, gathering, growing, harvesting, hunting, manufacturing, mining,
91	processing, raising, or trapping a good.
92	[(15)] (16) "Regulatory relief office" means the Utah Office of Regulatory Relief created in
93	Section 63N-16-103.
94	[(16)] (17) "Regulatory sandbox" means the General Regulatory Sandbox Program created
95	in Section 63N-16-201, which allows a person to temporarily demonstrate an offering
96	under a waiver or suspension of one or more state laws or regulations.
97	[(17)] (18) "Sandbox participant" means a person whose application to participate in the

98	regulatory sandbox is approved in accordance with the provisions of this chapter.
99	[(18)] (19) "Service" means any commercial activity, duty, or labor performed for another
100	person.
101	Section 2. Section 63N-16-103 is amended to read:
102	63N-16-103. Creation of regulatory relief office and appointment of director
103	Responsibilities of regulatory relief office.
104	(1) There is created within the Governor's Office of Economic Opportunity the Utah Office
105	of Regulatory Relief.
106	(2) (a) The regulatory relief office shall be administered by a director.
107	(b) The director shall report to the executive director or the executive director's designee
108	and may appoint staff subject to the approval of the executive director.
109	(3) The regulatory relief office shall:
110	(a) administer the provisions of this chapter;
111	(b) administer the regulatory sandbox program; and
112	(c) act as a liaison between private businesses and applicable agencies to identify state
113	laws or regulations that could potentially be waived or suspended under the
114	regulatory sandbox program, or amended.
115	(4) The regulatory relief office may:
116	(a) review state laws and regulations that may unnecessarily inhibit the creation and
117	success of [-new] companies or industries and provide recommendations to the
118	governor and the Legislature on modifying such state laws and regulations;
119	(b) create a framework for analyzing the risk level to the health, safety, and financial
120	well-being of consumers related to permanently removing or temporarily waiving
121	laws and regulations inhibiting the creation or success of new and existing companies
122	or industries;
123	(c) propose potential reciprocity agreements between states that use or are proposing to
124	use similar regulatory sandbox programs as described in this chapter; and
125	(d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and
126	the provisions of this chapter, make rules regarding:
127	(i) administering the regulatory sandbox, including making rules regarding the
128	application process and the reporting requirements of sandbox participants; and
129	(ii) cooperating and consulting with other agencies in the state that administer
130	sandbox programs.
131	Section 3. Section 63N-16-104 is amended to read:

132	63N-16-104. Creation and duties of advisory committee.
133	(1) There is created the General Regulatory Sandbox Program Advisory Committee.
134	(2) The advisory committee shall have [44] 9 members as follows:
135	(a) [six] four members appointed by the director who represent [businesses] business
136	interests and are selected from a variety of industry clusters;
137	(b) three members appointed by the director who represent state agencies that regulate
138	businesses;
139	(c) one member of the Senate, appointed by the president of the Senate; and
140	(d) one member of the House of Representatives, appointed by the speaker of the House
141	of Representatives.
142	(3) (a) Subject to Subsection (3)(b), members of the advisory committee who are not
143	legislators shall be appointed to a four-year term.
144	(b) Notwithstanding the requirements of Subsection (3)(a), the director may adjust the
145	length of terms of appointments and reappointments to the advisory committee so
146	that approximately half of the advisory committee is appointed every two years.
147	[(4) The director shall select a chair of the advisory committee on an annual basis.]
148	(4) Notwithstanding the requirements in Subsection (2), the director may temporarily
149	appoint up to three additional members to the advisory committee who represent
150	business interests, industry, or regulatory or compliance interests to which an application
151	for participation in the regulatory sandbox relates.
152	(5) A majority of the advisory committee constitutes a quorum for the purpose of
153	conducting advisory committee business, and the action of the majority of a quorum
154	constitutes the action of the advisory committee.
155	(6) The advisory committee shall :
156	(a) advise and make recommendations to the regulatory relief office as described in this
157	chapter[-] ; and
158	(b) annually select a chair of the advisory committee.
159	(7) The regulatory relief office shall provide administrative staff support for the advisory
160	committee.
161	(8) (a) A member may not receive compensation or benefits for the member's service,
162	but a member appointed under Subsection (2)(a) may receive per diem and travel
163	expenses in accordance with:
164	(i) Sections 63A-3-106 and 63A-3-107; and
165	(ii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and

166	63A-3-107.
167	(b) Compensation and expenses of a member who is a legislator are governed by Section
168	36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and Expenses.
169	Section 4. Section 63N-16-201 is amended to read:
170	63N-16-201. General Regulatory Sandbox Program Application requirements.
171	(1) There is created in the regulatory relief office the General Regulatory Sandbox Program.
172	(2) In administering the regulatory sandbox, the regulatory relief office:
173	(a) shall consult with each applicable agency;
174	(b) shall establish a program to enable a person to obtain legal protections and limited
175	access to the market in the state to demonstrate an offering without obtaining a
176	license or other authorization that might otherwise be required;
177	(c) may enter into agreements with or adopt the best practices of corresponding federal
178	regulatory agencies or other states that are administering similar programs; and
179	(d) may consult with businesses in the state about existing or potential proposals for the
180	regulatory sandbox.
181	(3) (a) An applicant for the regulatory sandbox may contact the regulatory relief office
182	to request a consultation regarding the regulatory sandbox before submitting an
183	application.
184	(b) The regulatory relief office shall provide relevant information regarding the
185	regulatory sandbox program.
186	(c) The regulatory relief office may provide assistance to an applicant in preparing an
187	application for submission.
188	(4) An applicant for the regulatory sandbox shall provide to the regulatory relief office an
189	application in a form prescribed by the regulatory relief office that:
190	(a) confirms the applicant is subject to the jurisdiction of the state;
191	(b) confirms the applicant has established a physical or virtual location in the state, from
192	which the demonstration of an offering will be developed and performed and where
193	all required records, documents, and data will be maintained;
194	(c) contains relevant personal and contact information for the applicant, including legal
195	names, addresses, telephone numbers, email addresses, website addresses, and other
196	information required by the regulatory relief office;
197	(d) discloses criminal convictions of the applicant or other participating personnel, if any
198	(e) contains a description of the offering to be demonstrated, including statements
199	regarding:

200	(i) how the offering is subject to licensing, legal prohibition, or other authorization
201	requirements outside of the regulatory sandbox;
202	(ii) each law or regulation, accompanied by their statutory reference or citation, that
203	the applicant seeks to have waived or suspended while participating in the
204	regulatory sandbox program;
205	(iii) how the offering would benefit consumers;
206	(iv) how the offering is different from other offerings available in the state;
207	(v) any identifiable, likely, and significant harm to the health, safety, or financial
208	well-being of consumers that each law or regulation described in Subsection
209	(4)(e)(ii) protects against;
210	[(vi) what risks might exist for consumers who use or purchase the offering;
211	[(vi)] (vii) how participating in the regulatory sandbox would enable a successful
212	demonstration of the offering;
213	[(vii)] (viii) a description of the proposed demonstration plan, including estimated
214	time periods for beginning and ending the demonstration;
215	[(viii)] (ix) recognition that the applicant will be subject to all laws and regulations
216	pertaining to the applicant's offering after conclusion of the demonstration; and
217	[(ix)] (x) how the applicant will end the demonstration and protect consumers if the
218	demonstration fails;
219	(f) lists each government agency, if any, that the applicant knows regulates the
220	applicant's business; and
221	(g) provides any other required information as determined by the regulatory relief office.
222	(5) The regulatory relief office may collect an application fee from an applicant that is set in
223	accordance with Section 63J-1-504.
224	(6) An applicant shall file a separate application for each offering that the applicant wishes
225	to demonstrate.
226	(7) After an application is filed, the regulatory relief office shall:
227	(a) classify, as a protected record, any part of the application that the office determines is
228	nonpublic, confidential information that if disclosed would result in actual economic
229	harm to the applicant in accordance with Subsection 63G-2-305(83);
230	(b) consult with each applicable government agency that regulates the applicant's
231	business regarding whether more information is needed from the applicant; and
232	(c) seek additional information from the applicant that the regulatory relief office
233	determines is necessary.

234	(8)	No later than five business days after the day on which a complete application is
235		received by the regulatory relief office, the regulatory relief office shall:
236		(a) review the application and refer the application to each applicable government
237		agency that regulates the applicant's business;
238		(b) provide to the applicant:
239		(i) an acknowledgment of receipt of the application; and
240		(ii) the identity and contact information of each regulatory agency to which the
241		application has been referred for review; and
242		(c) provide public notice, on the office's website and through other appropriate means, of
243		each law or regulation that the office is considering to suspend or waive under the
244		application.
245	(9)	(a) Subject to Subsections (9)(c) and (9)(g), no later than 30 days after the day on
246		which an applicable agency receives a complete application for review, the applicable
247		agency shall provide a written report to the director of the applicable agency's
248		findings.
249		(b) The report shall:
250		(i) describe any identifiable, likely, and significant harm to the health, safety, or
251		financial well-being of consumers that the relevant law or regulation protects
252		against; and
253		(ii) make a recommendation to the regulatory relief office that the applicant either be
254		admitted or denied entrance into the regulatory sandbox.
255		(c) (i) The applicable agency may request an additional five business days to deliver
256		the written report by providing notice to the director, which request shall
257		automatically be granted.
258		(ii) The applicable agency may only request one extension per application.
259		(d) If the applicable agency recommends an applicant under this section be denied
260		entrance into the regulatory sandbox, the written report shall include a description of
261		the reasons for the recommendation, including why a temporary waiver or suspension
262		of the relevant laws or regulations would potentially significantly harm the health,
263		safety, or financial well-being of consumers or the public and the likelihood of such
264		harm occurring.
265		(e) If the agency determines that the consumer's or public's health, safety, [or] and
266		financial well-being can be protected through less restrictive means than the existing
267		relevant laws or regulations, then the applicable agency shall provide a

268	recommendation of how that can be achieved.
269	(f) If an applicable agency fails to deliver a written report as described in this Subsection
270	(9), the director shall assume that the applicable agency does not object to the
271	temporary waiver or suspension of the relevant laws or regulations for an applicant
272	seeking to participate in the regulatory sandbox.
273	(g) Notwithstanding any other provision of this section, an applicable agency may by
274	written notice to the regulatory relief office:
275	(i) within the 30 days after the day on which the applicable agency receives a
276	complete application for review, or within 35 days if an extension has been
277	requested by the applicable agency, reject an application if the applicable agency
278	determines, in the applicable agency's [sole-]discretion, that the applicant's
279	offering fails to comply with standards or specifications:
280	(A) required by federal law or regulation; or
281	(B) previously approved for use by a federal agency; or
282	(ii) reject an application that is preliminarily approved by the regulatory relief office,
283	if the applicable agency:
284	(A) recommended rejection of the application in accordance with Subsection
285	(9)(d) in the agency's written report; and
286	(B) provides in the written notice under this Subsection (9)(g), a description of the
287	applicable agency's reasons why approval of the application would create a
288	substantial risk of harm to the [health or safety] health, safety, or financial
289	well-being of the public, or create unreasonable expenses for taxpayers in the
290	state.
291	(h) If an applicable agency rejects an application under Subsection (9)(g), the regulatory
292	relief office may not approve the application.
293	(i) If the applicable agency rejects an application under Subsection (9)(g), the
294	applicable agency shall provide the rejection on a form created by the agency and
295	signed by the director of the applicable agency.
296	(ii) The form shall document the reason for the rejection and show every reasonable
297	effort was made to meet with the applicant.
298	(10) (a) Upon receiving a written report described in Subsection (9), the director shall
299	provide the application and the written report to the advisory committee.
300	(b) The director may call the advisory committee to meet as needed, but not less than
301	once per quarter if applications are available for review

302	(c) After receiving and reviewing the application and each written report, the advisory
303	committee shall provide to the director the advisory committee's recommendation as
304	to whether or not the applicant should be admitted as a sandbox participant under this
305	chapter.
306	(d) As part of the advisory committee's review of each written report, the advisory
307	committee shall use the criteria required for an applicable agency as described in
308	Subsection (9).
309	(11) (a) In reviewing an application and each applicable agency's written report, the
310	regulatory relief office shall consult with each applicable agency [and the advisory
311	committee]before admitting an applicant into the regulatory sandbox.
312	(b) The consultation with each applicable agency [and the consultation with the advisory
313	committee]may include seeking information about whether:
314	(i) the applicable agency has previously issued a license or other authorization to the
315	applicant; and
316	(ii) the applicable agency has previously investigated, sanctioned, or pursued legal
317	action against the applicant.
318	(12) In reviewing an application under this section, the regulatory relief office and each
319	applicable agency shall consider whether a competitor to the applicant is or has been a
320	sandbox participant and, if so, weigh that as a factor in favor of allowing the applicant to
321	also become a sandbox participant.
322	(13) In reviewing an application under this section, the regulatory relief office shall
323	consider whether:
324	(a) the applicant's plan will adequately protect consumers from potential harm identified
325	by an applicable agency in the applicable agency's written report;
326	(b) the risk of harm to consumers is outweighed by the potential benefits to consumers
327	from the applicant's participation in the regulatory sandbox; and
328	(c) certain state laws or regulations that regulate an offering should not be waived or
329	suspended even if the applicant is approved as a sandbox participant, including
330	applicable antifraud or disclosure provisions.
331	(14) (a) An applicant becomes a sandbox participant if the regulatory relief office
332	approves the application for the regulatory sandbox and the regulatory relief office
333	enters into a written agreement with the applicant describing the specific laws and
334	regulations that are waived or suspended as part of participation in the regulatory
335	sandbox.

336 (b) Notwithstanding any other provision of this chapter, the regulatory relief office may 337 not enter into a written agreement with an applicant and related parties that waives or 338 suspends a tax, fee, or charge that is administered by the State Tax Commission or that is described in Title 59, Revenue and Taxation. 339 340 (15) (a) The director may deny at the director's sole discretion any application submitted 341 under this section for any reason, including if the director determines that the 342 preponderance of evidence demonstrates that suspending or waiving enforcement of 343 a law or regulation would cause a significant risk of harm to consumers or residents 344 of the state. 345 (b) If the director denies an application submitted under this section, the regulatory relief 346 office shall provide to the applicant a written description of the reasons for not 347 allowing the applicant to be a sandbox participant. 348 (c) The denial of an application submitted under this section is not subject to: 349 (i) agency or judicial review; or 350 (ii) the provisions of Title 63G, Chapter 4, Administrative Procedures Act. 351 (16) The director shall deny an application for participation in the regulatory sandbox 352 described by this section if the applicant or any person who seeks to participate with the 353 applicant in demonstrating an offering has been convicted, entered a plea of nolo 354 contendere, or entered a plea of guilty or nolo contendere held in abeyance, for any 355 crime involving significant theft, fraud, or dishonesty if the crime bears a significant 356 relationship to the applicant's or other participant's ability to safely and competently 357 participate in the regulatory sandbox program. 358 (17) (a) When an applicant is approved for participation in the regulatory sandbox, the 359 director shall provide public notice of the approval on the office's website and 360 through other appropriate means. 361 (b) The public notice described in Subsection (17)(a) shall state: 362 (i) the name of the sandbox participant; 363 (ii) the industries the sandbox participant represents; and 364 (iii) each law or regulation that is suspended or waived for the sandbox participant as 365 allowed by the regulatory sandbox. 366 (18) In addition to the information described in Subsection (17), the office shall make the following information available on the office's website and through other appropriate 367 368 means:

(a) documentation regarding the office's determination and grounds for approving each

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370	sandbox participant; and
371	(b) public notice regarding any sandbox participant's revocation to participate in the
372	regulatory sandbox.
373	Section 5. Section 63N-16-205 is amended to read:
374	63N-16-205 . Extensions.
375	(1) Not later than 30 days before the end of the 12-month regulatory sandbox demonstration
376	period, a sandbox participant may request an extension of the regulatory sandbox
377	demonstration period.
378	(2) The regulatory relief office shall grant or deny a request for an extension in accordance
379	with Subsection (1) by the end of the 12-month regulatory sandbox testing period.
380	(3) The regulatory relief office may grant an extension in accordance with this section for
381	not more than 12 months after the end of the initial regulatory sandbox demonstration
382	period.
383	Section 6. Section 63N-16-206 is amended to read:
384	63N-16-206. Record keeping and reporting requirements.
385	(1) A sandbox participant shall retain records, documents, and data produced in the
386	ordinary course of business regarding an offering demonstrated in the regulatory
387	sandbox.
388	(2) If a sandbox participant ceases to provide an offering before the end of a demonstration
389	period, the sandbox participant shall notify the regulatory relief office and each
390	applicable agency and report on actions taken by the sandbox participant to ensure
391	consumers have not been harmed as a result.
392	(3) (a) The regulatory relief office shall establish quarterly reporting requirements for a
393	sandbox participant, including information about any consumer complaints.
394	(b) No later than 14 days after the day on which a sandbox participant submits the
395	sandbox participant's second quarterly report to the regulatory relief office, the
396	regulatory relief office shall provide the sandbox participant's first and second
397	quarterly reports to each applicable agency.
398	(c) No later than 30 days after the day on which an applicable agency receives the
399	reports as described in Subsection (3)(b), the applicable agency shall provide a
400	written report to the regulatory relief office on the demonstration that describes any
401	statutory or regulatory reform the applicable agency recommends as a result of the
402	demonstration.
403	(4) The regulatory relief office may request records, documents, and data from a sandbox

404 participant and, upon the regulatory relief office's request, the sandbox participant shall 405 make such records, documents, and data available for inspection by the regulatory relief 406 office. 407 (5) (a) The sandbox participant shall notify the regulatory relief office and each 408 applicable agency of any incidents that result in harm to the health, safety, or 409 financial well-being of a consumer. 410 (b) If a sandbox participant fails to notify the regulatory relief office and each applicable 411 agency of any incidents as described in Subsection (5)(a), or the regulatory relief 412 office or an applicable agency has evidence that significant harm to a consumer has 413 occurred, the regulatory relief office may immediately remove the sandbox 414 participant from the regulatory sandbox. 415 (6) (a) No later than 30 days after the day on which a sandbox participant exits the regulatory sandbox, the sandbox participant shall submit a written report to the 416 417 regulatory relief office and each applicable agency describing an overview of the 418 sandbox participant's demonstration, including any: 419 (i) incidents of harm to consumers; 420 (ii) legal action filed against the participant as a result of the participant's 421 demonstration; and 422 (iii) complaints filed with an applicable agency as a result of the participant's 423 demonstration. 424 (b) No later than 30 days after the day on which an applicable agency receives [the 425 quarterly reporting described in Subsection (3) or]a written report from a sandbox 426 participant as described in Subsection (6)(a), the applicable agency shall provide a 427 written report to the regulatory relief office on the demonstration that describes any 428 statutory or regulatory reform the applicable agency recommends as a result of the 429 demonstration. 430 (7) The regulatory relief office may remove a sandbox participant from the regulatory 431 sandbox at any time if the regulatory relief office determines that a sandbox participant 432 has engaged in, is engaging in, or is about to engage in any practice or transaction that is

Section 7. Effective date.

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This bill takes effect on May 1, 2024.

suspension or waiver has not been granted.

in violation of this chapter or that constitutes a violation of a law or regulation for which