

SENATE BILL NO. 251

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY SENATOR KAUFMAN

Introduced: 2/21/24

Referred: Labor & Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a regulatory sandbox program; establishing the office of**
2 **innovation and economic development; establishing the Alaska Innovation Council;**
3 **relating to claims against the state arising out of an innovative product or service;**
4 **relating to criminal justice information and national criminal history record checks; and**
5 **amending Rule 402, Alaska Rules of Evidence."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 09.50.250 is amended to read:

8 **Sec. 09.50.250. Actionable claims against the state.** A person or corporation
9 having a contract, quasi-contract, or tort claim against the state may bring an action
10 against the state in a state court that has jurisdiction over the claim. A person who may
11 present the claim under AS 44.77 may not bring an action under this section except as
12 set out in AS 44.77.040(c). A person who may bring an action under AS 36.30.560 -
13 36.30.695 may not bring an action under this section except as set out in

1 AS 36.30.685. However, an action may not be brought if the claim

2 (1) is an action for tort, and is based on [UPON] an act or omission of
3 an employee of the state exercising due care in the execution of a statute or regulation,
4 whether or not the statute or regulation is valid; or is an action for tort, and based on
5 [UPON] the exercise or performance or the failure to exercise or perform a
6 discretionary function or duty on the part of a state agency or an employee of the state,
7 whether or not the discretion involved is abused;

8 (2) is for damages caused by the imposition or establishment of, or the
9 failure to impose or establish, a quarantine or isolation, or by other actions, by the
10 state or its agents, officers, or employees under AS 18.15.355 - 18.15.395, except for
11 damages caused by negligent medical treatment provided under AS 18.15.355 -
12 18.15.395 by a state employee, or except that, if a state employee quarantines or
13 isolates a person with gross negligence or in intentional violation of AS 18.15.385, the
14 state shall pay to the person who was quarantined or isolated a penalty of \$500 for
15 each day of the improper quarantine;

16 (3) arises out of assault, battery, false imprisonment, false arrest,
17 malicious prosecution, abuse of process, libel, slander, misrepresentation, deceit, or
18 interference with contract rights;

19 (4) arises out of the use of an ignition interlock device certified under
20 AS 33.05.020(c); [OR]

21 (5) arises out of injury, illness, or death of a seaman that occurs or
22 manifests itself during or in the course of, or arises out of, employment with the state;
23 AS 23.30 provides the exclusive remedy for such a claim, and no action may be
24 brought against the state, its vessels, or its employees under the Jones Act (46 U.S.C.
25 30104 - 30105), in admiralty, or under the general maritime law; or

26 **(6) arises out of the use of an innovative product or service offered**
27 **by a regulatory sandbox participant under AS 44.67 or from an application for,**
28 **denial of, operation under, expiration, or termination of an innovation permit**
29 **under AS 44.67.**

30 * **Sec. 2.** AS 12.62.400(a) is amended by adding a new paragraph to read:

31 (24) substantial involvement with an innovation permit under

1 AS 44.67.

2 * **Sec. 3.** AS 44 is amended by adding a new chapter to read:

3 **Chapter 67. Regulatory Sandbox Program.**

4 **Article 1. Office of Innovation and Economic Development.**

5 **Sec. 44.67.010. Office of innovation and economic development.** The office
6 of innovation and economic development is established in the Department of
7 Commerce, Community, and Economic Development.

8 **Sec. 44.67.020. Annual report.** By October 1 of each year, the office shall
9 prepare and submit a written report to the governor, senate secretary, and the chief
10 clerk of the house of representatives and notify the legislature that the report is
11 available. The report must include

12 (1) information on each regulatory sandbox participant, including the

13 (A) industries represented by the regulatory sandbox
14 participant; and

15 (B) anticipated cost savings of or actual cost savings
16 experienced by the regulatory sandbox participant;

17 (2) recommendations regarding any regulations that should be
18 permanently modified;

19 (3) information on the effect regulatory sandbox participants have had
20 on consumers; and

21 (4) recommendations for changes to the regulatory sandbox program
22 or other duties of the office.

23 **Sec. 44.67.030. Regulations.** The office may adopt regulations under
24 AS 44.62 (Administrative Procedure Act) to carry out this chapter.

25 **Article 2. Alaska Innovation Council.**

26 **Sec. 44.67.100. Alaska Innovation Council.** (a) The Alaska Innovation
27 Council is established in the Department of Commerce, Community, and Economic
28 Development.

29 (b) The council consists of 17 members as follows:

30 (1) the governor or the governor's designee, who shall serve as chair;

31 (2) seven members appointed by the governor who are experienced

1 entrepreneurs or investors or are engaged in the operations of traded sector industries
2 or growth businesses in the state;

3 (3) two members appointed by the governor who represent higher
4 education in the state;

5 (4) the executive director of the Alaska Commission on Postsecondary
6 Education;

7 (5) the commissioner of commerce, community, and economic
8 development or the commissioner's designee;

9 (6) the commissioner of revenue;

10 (7) two members of the house of representatives appointed by the
11 speaker of the house of representatives; and

12 (8) two members of the senate appointed by the president of the senate.

13 (c) The members of the council appointed under (b)(2), (3), (7), and (8) of this
14 section serve staggered three-year terms. An appointed member serves at the pleasure
15 of the appointing authority. An appointed member is eligible for reappointment for
16 two additional terms. If there is a vacancy for any cause, the appointing authority shall
17 make an appointment to become immediately effective for the remainder of the
18 unexpired term.

19 (d) A legislator ceases to be a member of the council if the legislator ceases to
20 be a member of the house from which the legislator was appointed.

21 (e) A majority of the council constitutes a quorum for the conduct of business.
22 Official action by the council requires a majority vote of the council.

23 (f) The council shall meet at least four times a year. The chair shall set the
24 time and place of the meetings. The council may also meet

25 (1) at other times and places specified by a call of the chair or by
26 written request of a majority of the council; or

27 (2) at the call of the office if applications are available for review by
28 the council under AS 44.67.220(g).

29 (g) The council may adopt regulations under AS 44.62 (Administrative
30 Procedure Act) necessary for the operation of the council.

31 (h) The Department of Commerce, Community, and Economic Development

1 shall provide staff for the council.

2 (i) A member of the council serves without compensation but is entitled to
3 transportation and per diem expenses as provided in AS 39.20.180.

4 **Sec. 44.67.110. Recommendations and biennial report.** By October 1 of
5 every other year, the council shall submit a report containing recommendations on
6 how the state can develop innovation and economic competitiveness to the governor,
7 senate secretary, and the chief clerk of the house of representatives and notify the
8 legislature that the report is available. The report must include policy and program
9 recommendations to

10 (1) identify and expand the state's industries that have the highest
11 potential for commercialization and economic impact, including traded sector
12 industries, growth businesses, and higher education in the state;

13 (2) enhance the entrepreneurial ecosystem that promotes the
14 development and growth of new innovation-based businesses and assists existing
15 businesses in developing new products;

16 (3) stimulate seed and start-up capital investment and entrepreneurial
17 capacity that will promote innovation-based economic development in traded sector
18 industries or growth businesses in the state; and

19 (4) develop an innovation index that benchmarks the state against
20 national averages on a variety of innovation metrics.

21 **Article 3. Innovation Permits.**

22 **Sec. 44.67.200. Innovation permit requirements; regulatory sandbox**
23 **participants.** (a) The office may grant an applicant an innovation permit waiving the
24 applicant from the requirements of provisions of state regulations that prohibit or limit
25 the applicant's ability to make an innovative product or service available to consumers
26 in the state. An applicant that is granted a permit under this subsection is a regulatory
27 sandbox participant and may provide the innovative service or product as provided
28 under the terms of the permit.

29 (b) An innovation permit must identify each provision of a regulation waived
30 by the innovation permit and the duration of the innovation permit. An innovation
31 permit may not exceed a period of 24 months from the date the permit is granted

1 unless the regulatory sandbox participant obtains an extension under AS 44.67.210.

2 (c) The office may require that

3 (1) an innovation permit limit the maximum number of consumers a
4 regulatory sandbox participant may provide an innovative product or service as
5 determined by the office; and

6 (2) a regulatory sandbox participant obtain a bond or deposit cash or a
7 readily marketable security with the office as security for potential losses suffered by
8 consumers; a bond obtained under this paragraph may be canceled and a deposit or
9 readily marketable security deposited under this paragraph may be refunded when the
10 innovation permit expires, is terminated, or the office determines that each consumer
11 claim has been satisfied, whichever is later.

12 **Sec. 44.67.210. Extensions.** Not later than 30 days before the expiration of an
13 innovation permit, a regulatory sandbox participant may submit a request for an
14 extension to the office. The office may grant an extension for a period not to exceed
15 12 months. The office shall grant or deny a request for an extension before the
16 expiration of the innovation permit.

17 **Sec. 44.67.220. Applications.** (a) A person may submit an application for an
18 innovation permit to the office. A person shall submit a separate application for each
19 innovative product or service the person wishes to provide under an innovation permit.
20 The application must include

21 (1) information confirming that the applicant is subject to the
22 jurisdiction of the state;

23 (2) information confirming that the applicant has established a physical
24 or virtual location in the state from which an innovative product or service will be
25 provided and where all required records, documents, and data will be maintained;

26 (3) contact information for each individual substantially involved in
27 the development, operation, or management of the innovative product or service,
28 including legal names, addresses, telephone numbers, electronic mail addresses,
29 Internet website addresses, and other information required by the office;

30 (4) fingerprints and the fees required by the Department of Public
31 Safety under AS 12.62.160 for criminal justice information and a national criminal

1 history record check for each individual identified in an application under (3) of this
2 subsection;

3 (5) a description of

4 (A) the innovative product or service to be provided;

5 (B) how the innovative product or service would benefit
6 consumers;

7 (C) how the innovative product or service is different from
8 other products or services available in the state;

9 (D) what risks might exist for consumers who use or purchase
10 the innovative product or service;

11 (E) how being a regulatory sandbox participant would enable
12 the innovative product or service to be provided successfully;

13 (F) the proposed plan for providing the innovative product or
14 service and the estimated time period it will take to begin and cease providing
15 the innovative product or service while the innovation permit is valid;

16 (G) how the applicant will cease providing the innovative
17 product or service and protect consumers if the innovative product or service is
18 unsuccessful;

19 (H) the licensing, legal prohibitions, or other authorization
20 requirements that currently govern providing the innovative product or service
21 in this state;

22 (I) each provision of regulation that the applicant seeks to have
23 waived by an innovation permit;

24 (J) each state or federal department or agency, if any, that the
25 applicant knows regulates the applicant's business; and

26 (K) any other information required by the office; and

27 (6) acknowledgment from the applicant that the applicant will be
28 subject to all regulations pertaining to the innovative product or service after the
29 expiration of the innovation permit.

30 (b) After an application is submitted, the office may require an applicant to
31 submit additional information the office determines is necessary. An application is not

1 considered complete until an applicant submits all information requested by the office.

2 (c) Within five days after receiving a completed application, the office shall

3 (1) review the application and refer the application to each department
4 or agency of the state that regulates the applicant's business;

5 (2) provide to the applicant

6 (A) an acknowledgment that the office received the application;

7 and

8 (B) the identity and contact information of each applicable
9 department or agency; and

10 (3) provide public notice on the office's Internet website, and by other
11 appropriate means, of each provision of regulation that the office is considering
12 waiving if the application is approved.

13 (d) Within 30 days after receiving a completed application for review, each
14 applicable department or agency shall either

15 (1) provide a written report to the office detailing its findings,
16 including

17 (A) a description of any identifiable, likely, and significant
18 harm to the health, safety, or financial well-being of consumers that relevant
19 provisions of regulations protect against;

20 (B) a recommendation to the office that the applicant be
21 granted or denied an innovation permit;

22 (C) if denial of an innovation permit is recommended, the
23 reasons for the recommendation and, if applicable, how a waiver of the
24 relevant provisions of regulations could cause significant harm to the health,
25 safety, or financial well-being of consumers or the public and the likelihood of
26 harm occurring; and

27 (D) a determination on whether the health, safety, or financial
28 well-being of consumers or the public can be protected through less restrictive
29 means than the applicable provisions of regulations and, if so, a
30 recommendation on how that can be achieved; or

31 (2) provide notice to the office that the innovative product or service of

1 the applicant does not comply with the standards or specifications

2 (A) required by federal statutes or regulations;

3 (B) previously approved by a federal agency; or

4 (C) required by state statute.

5 (e) The office shall, upon request of an applicable department or agency,
6 extend the time for the department or agency to respond to an application under (d) of
7 this section by up to five additional days. The office may only grant one extension to a
8 department or agency for each application.

9 (f) If the applicable department or agency fails to respond as provided in (d) of
10 this section, the office shall consider any objection to the innovation permit waived by
11 the applicable department or agency.

12 (g) After receiving a written report or notice required under (d) of this section
13 or a waiver under (f) of this section, the office shall provide the application and any
14 written reports to the council. The council shall recommend to the office whether to
15 grant or deny an innovation permit to the applicant. Upon receiving the
16 recommendation from the council, the office shall consult with the council and each
17 applicable department or agency. The consultation may include whether the applicable
18 department or agency has previously

19 (1) issued a license or other authorization to the applicant; and

20 (2) investigated, sanctioned, or pursued legal action against the
21 applicant.

22 (h) After consulting with the council and each applicable department or
23 agency, the office shall grant or deny an innovation permit to an applicant in writing
24 and, if applicable, state the reason for the denial in clear and concise language. When
25 making a decision to grant or deny an innovation permit, the office shall consider

26 (1) the nature of the innovative product or service, including whether
27 the potential risks to consumers created by the product or service outweigh the
28 potential benefits to consumers;

29 (2) the methods that will be used to protect consumers and resolve
30 complaints while the innovative product or service is being provided;

31 (3) the applicant's business plan, including availability of capital;

1 (4) whether the applicant's management has the necessary expertise to
2 provide the innovative product or service;

3 (5) whether a competitor to the applicant is or has been a regulatory
4 sandbox participant and, if so, weigh that factor in favor of granting the applicant an
5 innovation permit; and

6 (6) any other factors that the office determines to be relevant.

7 (i) The office may not grant an innovation permit to an applicant if

8 (1) the office receives notice of noncompliance under (d)(2) of this
9 section;

10 (2) the proposed innovation permit is broader than necessary to
11 accomplish the purposes set out in this chapter as determined by the office;

12 (3) the proposed innovation permit is against the public interest or
13 unreasonably increases risk to consumers;

14 (4) the proposed innovation permit waives a provision of a regulation

15 (A) involving antifraud or disclosure requirements;

16 (B) allowing a consumer to seek restitution when harmed; or

17 (C) involving a tax, fee, or charge that is administered by the

18 Department of Revenue; or

19 (5) the office determines that an individual listed on the application as
20 someone who would be substantially involved in the development, operation, or
21 management of the innovative product or service has been convicted, entered a plea of
22 nolo contendere, or been granted a suspended imposition of sentence for any crime
23 involving theft, fraud, or dishonesty if the crime bears a significant relationship to that
24 individual's ability to safely and competently use the innovation permit.

25 (j) An applicant is not entitled to agency or judicial review for the denial of an
26 application under this section. After the denial of an application, an applicant may
27 reapply for an innovation permit once the applicant has taken action to address the
28 previous reasons for denial given by the office.

29 (k) The office shall provide public notice on its Internet website, and by other
30 appropriate means, of the name of the regulatory sandbox participant granted,
31 industries represented by, and provisions of regulations waived in an innovation

1 permit.

2 (l) A person may request a consultation with the office before submitting an
3 application.

4 (m) The office may assist a person in preparing an application for submission.

5 **Sec. 44.67.230. Fees.** (a) An innovation permit applicant shall pay a \$50
6 application fee to the office for each application.

7 (b) The office shall establish in regulation a permit fee of not less than \$450 to
8 cover reasonable expenses of the office and other expenses incurred by a regulatory
9 sandbox participant. The office shall establish fees under this subsection in an amount
10 that does not discourage participation in the regulatory sandbox program and that
11 consider factors such as the size of the business and the number of projected
12 consumers of the regulatory sandbox participant.

13 **Sec. 44.67.240. Criminal background check.** The office shall submit the
14 fingerprints and fees received under AS 44.67.220(a)(4) to the Department of Public
15 Safety to obtain a report of criminal justice information under AS 12.62 and a national
16 criminal history record check under AS 12.62.400.

17 **Sec. 44.67.250. Immunity.** A regulatory sandbox participant is not subject to
18 criminal liability, and the state may not take punitive actions against a regulatory
19 sandbox participant, including a fine or the suspension or revocation of a license, for
20 an action taken by the participant that violates a provision of a regulation waived by
21 the innovation permit.

22 **Sec. 44.67.260. Termination; reporting; winding down.** (a) The office may
23 terminate an innovation permit with written notice at any time and for any reason.

24 (b) The office shall provide public notice of the termination of an innovation
25 permit on its Internet website and by other appropriate means.

26 (c) Upon the expiration or termination of an innovation permit, the regulatory
27 sandbox participant shall

28 (1) submit a report to the office in a manner and format prescribed by
29 the office;

30 (2) wind down operations with existing consumers within 90 days
31 following the expiration or termination of the innovation permit for any innovative

1 products or services that do not comply with regulations, except that the regulatory
2 sandbox participant may

3 (A) collect and receive money owed to the participant by a
4 consumer based on an agreement made before the expiration of the innovation
5 permit;

6 (B) take necessary legal actions;

7 (C) continue to fulfill the ongoing duties the regulatory
8 sandbox participant owes, or arrange another person to fulfill those duties,
9 subject to enforcement of the provisions of regulations previously waived
10 under the innovation permit; and

11 (D) take other actions authorized by the office.

12 (d) If a regulatory sandbox participant is unsuccessful in completing their
13 business objectives before the expiration or termination of the regulatory sandbox
14 participant's innovation permit, the regulatory sandbox participant shall notify the
15 office.

16 **Sec. 44.67.270. Regulatory and technical assistance; nonprofit**
17 **organizations.** (a) The office shall designate and authorize nonprofit organizations as
18 partners to assist interested persons with the innovation permit application process.

19 (b) A nonprofit organization designated under (a) of this section may submit
20 an application to the office to assist regulatory sandbox participants with the design
21 and implementation of an innovative product or service within the scope of the
22 innovation permit of a regulatory sandbox participant while the innovation permit is
23 valid. An approved application under this subsection allows a nonprofit organization
24 to explore, provide input on, analyze, and make recommendations with respect to
25 innovations and the application of innovative technologies that would provide
26 additional benefit to the state, consumers, and industry. An application submitted
27 under this section is not subject to the requirements of AS 44.67.220.

28 **Sec. 44.67.280. Consumer disclosures.** (a) Before offering an innovative
29 product or service to a consumer, a regulatory sandbox participant shall disclose to the
30 consumer in English and Spanish and in a clear and conspicuous format

31 (1) the name and contact information of the regulatory sandbox

1 participant;

2 (2) the Internet website address and contact information for the office;

3 (3) that the innovative product or service is authorized to be provided
4 under an innovation permit temporarily and, if applicable, that the regulatory sandbox
5 participant is not otherwise licensed or authorized to provide the innovative product or
6 service;

7 (4) the anticipated expiration date of the innovation permit;

8 (5) that the innovative product or service is undergoing testing, may
9 not function as intended, and may expose the consumer to risks identified by a report
10 provided under AS 44.67.220(d)(1);

11 (6) that the state, including the office, does not endorse or recommend
12 the innovative product or service and is not subject to liability for any loss or damage
13 caused by the innovative product or service;

14 (7) that the regulatory sandbox participant is not immune from civil
15 liability for any losses or damages caused by the innovative product or service;

16 (8) that the regulatory sandbox participant is not immune from
17 criminal liability for violations of regulations not waived by the innovation waiver of
18 the regulatory sandbox participant;

19 (9) that the consumer may contact the office or the attorney general to
20 file a complaint, a notice of suspected legal violations, or other comments relating to
21 the innovative product or service being provided and the locations where the
22 complaint, notice, or comments may be filed; and

23 (10) any other statements or disclosures required by the office or
24 regulation to further the purposes of this chapter.

25 (b) If the innovative product or service offered is Internet- or application-
26 based, a transaction for that innovative product or service may not be completed until
27 the consumer acknowledges receipt of the disclosure under (a) of this section.

28 **Sec. 44.67.290. Records.** (a) A regulatory sandbox participant shall retain
29 comprehensive records, documents, and data produced in the ordinary course of
30 business that involve the innovative product or service offered for at least five years
31 after the expiration or termination of the innovation permit. The regulatory sandbox

1 participant shall make the records available to the office upon written request.

2 (b) The office shall establish, by regulation, reporting requirements for
3 regulatory sandbox participants.

4 **Sec. 44.67.300. Privacy; confidentiality of records.** (a) The council or office
5 may collect personal information that is relevant and necessary to accomplish a lawful
6 purpose. The council or office may not disclose personal information without the
7 consent of the subject of the information unless required by law.

8 (b) Documents, materials, and other information in the possession of the office
9 or another person in the course of reviewing and making a determination on an
10 application for an innovation permit are confidential, privileged, and not public
11 records under AS 40.25.100 - 40.25.295 (Alaska Public Records Act).

12 (c) A regulatory sandbox participant may disclose confidential information for
13 the purpose of obtaining a bond under AS 44.67.200(c)(2). Before disclosing this
14 information, a regulatory sandbox participant shall obtain approval from the office,
15 and the proposed surety shall agree in writing to maintain the confidentiality of the
16 information.

17 **Sec. 44.67.310. Evidence.** Documents, materials, and other information in the
18 possession of the office or another person in the course of reviewing and making a
19 determination on an application for an innovation permit is not admissible as evidence
20 in a civil action.

21 **Sec. 44.67.320. Licenses and authorizations in other jurisdictions.** (a) This
22 chapter does not restrict a regulatory sandbox participant who holds a license or other
23 authorization in another jurisdiction from acting in accordance with that license or
24 authorization.

25 (b) A regulatory sandbox participant is considered to possess an appropriate
26 license or other authorization under the laws of the state for the purposes of a
27 provision of federal law requiring licensure or other authorization by the state if the
28 requirement to possess the license or other authorization has been waived under an
29 innovation permit granted to the regulatory sandbox participant.

30 (c) The office may enter into agreements with other jurisdictions to advance
31 the purposes of this chapter, including obtaining permission for a regulatory sandbox

1 participant to operate in another jurisdiction.

2 **Sec. 44.67.330. Internet website; quarterly reports.** (a) The office shall
3 develop, operate, and maintain a searchable Internet website that is accessible to the
4 public at no cost. The website must

5 (1) invite residents and businesses in the state to make suggestions
6 regarding regulations that could be modified or eliminated to reduce the regulatory
7 burden to residents and businesses in the state; and

8 (2) provide the public notices required under this chapter.

9 (b) The office shall compile the suggestions submitted through its Internet
10 website and provide a quarterly written report to the governor that describes the most
11 common suggestions. The report may contain analysis and suggestions by the office
12 on which regulations could be modified or eliminated to reduce the regulatory burden
13 to residents and businesses in the state while still protecting consumers. The office
14 may not disclose in the report the private information of residents and businesses that
15 make suggestions on its Internet website.

16 **Sec. 44.67.340. Providing innovative products or services.** (a) Except as
17 provided in (b) of this section, an innovative product or service made available under
18 an innovation permit may only be provided to a consumer who is a resident of the
19 state.

20 (b) An innovative product or service that is a money transmitter and is made
21 available under an innovation permit may be provided to consumers physically present
22 in the state at the time of the transaction.

23 **Article 4. General Provisions.**

24 **Sec. 44.67.400. Definitions.** In this chapter,

25 (1) "applicable department or agency" means a state department or
26 agency to which an application has been referred under AS 44.67.220(c)(1);

27 (2) "consumer" means a person that purchases or otherwise enters into
28 a transaction or agreement to receive an innovative product or service provided by a
29 regulatory sandbox participant under an innovation permit;

30 (3) "council" means the Alaska Innovation Council;

31 (4) "innovation permit" means a permit granted under this chapter;

1 (5) "innovative product or service" means a product or service that
 2 uses or incorporates a new or existing idea, a new or emerging technology, or a new
 3 use of existing technology to address a problem or provide a benefit to a consumer;

4 (6) "office" means the office of innovation and economic
 5 development;

6 (7) "product" means a commercially distributed good that is

7 (A) tangible personal property;

8 (B) the result of a production process; and

9 (C) passed through the distribution channel before
 10 consumption;

11 (8) "regulatory sandbox participant" means a person granted an
 12 innovation permit under this chapter;

13 (9) "regulatory sandbox program" means the program created under
 14 this chapter allowing a person to temporarily provide an innovative product or service
 15 through a waiver of regulations;

16 (10) "service" means any commercial activity, duty, or labor
 17 performed for another person.

18 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
 19 read:

20 **INDIRECT COURT RULE AMENDMENT.** AS 44.67.310, enacted by sec. 3 of this
 21 Act, has the effect of changing Rule 402, Alaska Rules of Evidence, by prohibiting certain
 22 documents, materials, and other information as described in AS 44.67.310 from being
 23 admissible in a civil action regardless of its relevance.

24 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 25 read:

26 **TRANSITION: COUNCIL MEMBERS.** Notwithstanding AS 44.67.100(b), enacted
 27 by sec. 3 of this Act, members of the Alaska Innovation Council are appointed to initial terms
 28 as follows:

29 (1) members appointed under AS 44.67.100(b)(2) shall serve three-year terms;

30 (2) members appointed under AS 44.67.100(b)(3) shall serve two-year terms;

31 (3) members appointed under AS 44.67.100(b)(7) and (8) shall serve one-year

1 terms.

2 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 **CONDITIONAL EFFECT.** AS 44.67.310, enacted by sec. 3 of this Act, takes effect
5 only if sec. 4 of this Act receives the two-thirds majority vote of each house required by art.
6 IV, sec. 15, Constitution of the State of Alaska.