

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILLS NOS. 894 & 825

AN ACT

To repeal sections 536.300, 536.303, 536.305, 536.310, 536.315, 536.323, 536.325, and 536.328, RSMo, and to enact in lieu thereof ten new sections relating to the promotion of business development.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 536.300, 536.303, 536.305, 536.310, 536.315, 536.323, 536.325, and 536.328, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 34.195, 536.300, 620.3800, 620.3900, 620.3905, 620.3910, 620.3915, 620.3920, 620.3925, and 620.3930, to read as follows:

34.195. 1. This section shall be known and may be cited as the "Right-to-Start Act".

2. No later than June 30, 2026, and annually thereafter, the commissioner of administration shall file a report with the general assembly that includes, but is not limited to:

(1) The number of contracts awarded to businesses that have been in operation for less than three years;

(2) The percentage of the number of contracts awarded to businesses that have been in operation for less than three years compared to the total number of contracts awarded;

(3) The total dollar amount of all contracts awarded to businesses that have been in operation for less than three years;

(4) The percentage of the total dollar amount of contracts awarded to businesses that have been in operation

for less than three years compared to the total dollar amount of contracts awarded; and

(5) The number and total dollar amount of contracts awarded to businesses owned by each racial minority group, as such term is defined in section 37.013, women-owned businesses, and veteran-owned businesses compared to the total number and dollar amount of contracts awarded.

3. The commissioner of administration, in conjunction with the office of entrepreneurship under section 620.3800, shall produce and file a report with the general assembly making recommendations on improving access and resources for new Missouri businesses that have been in operation for less than three years on or before January 1, 2026. The report shall also include recommendations on improving access and resources for new businesses owned by a racial minority group, as such term is defined in section 37.013, women-owned businesses, and veteran-owned Missouri businesses that have been in operation for less than three years on or before January 1, 2026.

536.300. 1. Prior to submitting proposed rules for adoption, amendment, revision, or repeal, under this chapter the state agency shall determine whether the proposed rulemaking affects small businesses and, if so, the availability and practicability of less-restrictive alternatives that could be implemented to achieve the same results of the proposed rulemaking. This requirement shall not apply to emergency rulemaking pursuant to section 536.025 or to constitutionally authorized rulemaking pursuant to Article IV, Section 45 of the Missouri Constitution. This requirement shall be in addition to the fiscal note requirement of sections 536.200 to 536.210.

2. If the proposed rules affect small businesses, the state agency shall consider creative, innovative, or

flexible methods of compliance for small business and prepare a small business impact statement to be submitted to the secretary of state and the joint committee on administrative rules with the proposed rules. [A copy of the proposed rules and the small business impact statement shall also be filed with the board on the same date as they are filed with the secretary of state.] Such business impact statement and proposed rules shall be submitted to the board prior to providing notice for a public hearing. The statement shall provide a reasonable determination of the following:

(1) The methods the agency considered or used to reduce the impact on small businesses such as consolidation, simplification, differing compliance, or reporting requirements, less stringent deadlines, performance rather than design standards, exemption, or any other mitigating techniques;

(2) How the agency involved small businesses in the development of the proposed rules;

(3) The probable monetary costs and benefits to the implementing agency and other agencies directly affected, including the estimated total amount the agency expects to collect from any additionally imposed fees and the manner in which the moneys will be used, if such costs are capable of determination;

(4) A description of the small businesses that will be required to comply with the proposed rules and how they may be adversely affected, except in cases where the state agency has filed a fiscal note that complies with all of the provisions of section 536.205;

(5) In dollar amounts, the increase in the level of direct costs, such as fees or administrative penalties, and indirect costs, such as reporting, record keeping,

equipment, construction, labor, professional services, revenue loss, or other costs associated with compliance if such costs are capable of determination, except in cases where the state agency has filed a fiscal note that complies with all of the provisions of section 536.205;

(6) The business that will be directly affected by, bear the cost of, or directly benefit from the proposed rules;

(7) Whether the proposed rules include provisions that are more stringent than those mandated by any comparable or related federal, state, or county standards, with an explanation of the reason for imposing the more-stringent standard.

3. Any proposed rule that is required to have a small business impact statement but does not include such a statement shall be invalid and the secretary of state should not publish the rule until such time as the statement is provided. If the state agency determines that its proposed rule does not affect small business, the state agency shall so certify this finding in the transmittal letter to the secretary of state, stating that it has determined that such proposed rule will not have an economic impact on small businesses and the secretary of state shall publish the rule.

4. **[Sections 536.300 to 536.310]** This section and section 536.020 shall not apply where the proposed rule is being promulgated on an emergency basis, where the rule is federally mandated, or where the rule substantially codifies existing federal or state law. Notwithstanding the provisions of this section, federally mandated regulations are subject to the federal Regulatory Flexibility Act as amended by the Small Business Regulatory and Enforcement Fairness Act of 1996, P.L. 96-354, as amended by P.L.

104.121. Any federally mandated regulations that do not comply with these acts shall be subject to this section.

620.3800. There is hereby created within the department of economic development the "Office of Entrepreneurship". The office shall employ an individual to promote policies and initiatives to support the growth of entrepreneurship of Missouri-based businesses with less than ten employees, including entrepreneurship within racial minority groups, as such term is defined in section 37.013, and women and veteran entrepreneurship, in the state. The office shall work with Missouri stakeholders and communities, including minority communities, to provide information and technical support to entrepreneurs. The office shall support and advise the office of administration with preparing the report pursuant to subsection 3 of section 34.195.

620.3900. 1. Sections 620.3900 to 620.3930 shall be known and may be cited as the "Regulatory Sandbox Act".

2. For the purposes of sections 620.3900 to 620.3930, the following terms shall mean:

(1) "Advisory committee", the general regulatory sandbox program advisory committee created in section 620.3910;

(2) "Applicable agency", a department or agency of the state that by law regulates a business activity and persons engaged in such business activity, including the issuance of licenses or other types of authorization, and which the regulatory relief office determines would otherwise regulate a sandbox participant. A participant may fall under multiple applicable agencies if multiple agencies regulate the business activity that is subject to the sandbox program application. "Applicable agency" shall not include the

division of professional registration and its boards,
commissions, committees, and offices;

(3) "Applicant" or "sandbox applicant", a person or
business that applies to participate in the sandbox program;

(4) "Consumer", a person who purchases or otherwise
enters into a transaction or agreement to receive a product
or service offered through the sandbox program pursuant to a
demonstration by a program participant;

(5) "Demonstrate" or "demonstration", to temporarily
provide an offering of an innovative product or service in
accordance with the provisions of the sandbox program;

(6) "Department", the department of economic
development;

(7) "Innovation", the use or incorporation of a new
idea, a new or emerging technology, or a new use of existing
technology to address a problem, provide a benefit, or
otherwise offer a product, production method, or service;

(8) "Innovative offering", an offering of a product or
service that includes an innovation;

(9) "Product", a commercially distributed good that is:

(a) Tangible personal property; and

(b) The result of a production process;

(10) "Production", the method or process of creating
or obtaining a good, which may include assembling, breeding,
capturing, collecting, extracting, fabricating, farming,
fishing, gathering, growing, harvesting, hunting,
manufacturing, mining, processing, raising, or trapping a
good;

(11) "Regulatory relief office", the office
responsible for administering the sandbox program within the
department;

(12) "Sandbox participant" or "participant", a person
or business whose application to participate in the sandbox

program is approved in accordance with the provisions of section 620.3915;

(13) "Sandbox program", the general regulatory sandbox program created in sections 620.3900 to 620.3930 that allows a person to temporarily demonstrate an innovative offering of a product or service under a waiver or suspension of one or more state laws or regulations;

(14) "Sandbox program director", the director of the regulatory relief office;

(15) "Service", any commercial activity, duty, or labor performed for another person or business. "Service" shall not include a product or service when its use would impact rates, statutorily authorized service areas, or system safety or reliability of an electrical corporation or gas corporation, as defined in section 386.020, as determined by the public service commission, or of any rural electric cooperative organized or operating under the provisions of chapter 394, or to any corporation organized on a nonprofit or a cooperative basis as described in subsection 1 of section 394.200, or to any electrical corporation operating under a cooperative business plan as described in subsection 2 of section 393.110, or of any municipally owned utility organized or operating under the provisions of chapter 91, or of any joint municipal utility commission organized or operating under the provisions of sections 393.700 to 393.770.

620.3905. 1. There is hereby created within the department of economic development the "Regulatory Relief Office", which shall be administered by the sandbox program director. The sandbox program director shall report to the director of the department and may appoint staff, subject to the approval of the director of the department.

2. The regulatory relief office shall:

(1) Administer the sandbox program pursuant to sections 620.3900 to 620.3930;

(2) Act as a liaison between private businesses and applicable agencies that regulate such businesses to identify state laws or regulations that could potentially be waived or suspended under the sandbox program;

(3) Consult with each applicable agency; and

(4) Establish a program to enable a person to obtain monitored access to the market in the state along with legal protections for a product or service related to the laws or regulations that are being waived as a part of participation in the sandbox program, in order to demonstrate an innovative product or service without obtaining a license or other authorization that might otherwise be required.

3. The regulatory relief office shall:

(1) Review state laws and regulations that may unnecessarily inhibit the creation and success of new companies or industries and provide recommendations to the governor and the general assembly on modifying or repealing such state laws and regulations;

(2) Create a framework for analyzing the risk level of the health, safety, and financial well-being of consumers and protection of Missouri's environment related to permanently removing or temporarily waiving laws and regulations inhibiting the creation or success of new and existing companies or industries;

(3) Propose and enter into reciprocity agreements between states that use or are proposing to use similar regulatory sandbox programs as described in sections 620.3900 to 620.3930, provided that such reciprocity agreement is supported by a majority vote of the advisory committee and the regulatory relief office is directed by an order of the governor to pursue such reciprocity agreement;

(4) Enter into agreements with or adopt best practices of corresponding federal regulatory agencies or other states that are administering similar programs;

(5) Consult with businesses in the state about existing or potential proposals for the sandbox program; and

(6) In accordance with the provisions of chapter 536 and the provisions of sections 620.3900 to 620.3930, make rules regarding the administration of the sandbox program, including making rules regarding the application process and the reporting requirements of sandbox participants. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void.

4. (1) The regulatory relief office shall create and maintain on the department's website a web page that invites residents and businesses in the state to make suggestions regarding laws and regulations that could be modified or eliminated to reduce the regulatory burden on residents and businesses in the state.

(2) On at least a quarterly basis, the regulatory relief office shall compile the relevant suggestions from the web page created pursuant to subdivision (1) of this subsection and provide a written report to the governor and the general assembly.

(3) In creating the report described in subdivision (2) of this subsection, the regulatory relief office:

(a) Shall provide the identity of residents and businesses that make suggestions on the web page if those residents and businesses wish to comment publicly, and shall ensure that the private information of residents and businesses that make suggestions on the web page is not made public if they do not wish to comment publicly; and

(b) May evaluate the suggestions and provide analysis and suggestions regarding which state laws and regulations could be modified or eliminated to reduce the regulatory burden on residents and businesses in the state while still protecting consumers.

5. (1) By October first of each year, the department shall submit an annual report to the governor, the general assembly, and to each state agency which shall include:

(a) Information regarding each participant in the sandbox program, including industries represented by each participant and the anticipated or actual cost savings that each participant experienced;

(b) The anticipated or actual benefit to consumers created by each demonstration in the sandbox program;

(c) Recommendations regarding any laws or regulations that should be permanently modified or repealed;

(d) Information regarding any health and safety events related to the activities of a participant in the sandbox program; and

(e) Recommendations for changes to the sandbox program or other duties of the regulatory relief office.

(2) The department may provide an interim report from the sandbox program director to the governor and general assembly on specific, time-sensitive issues for the functioning of the sandbox program, for the health and

safety of consumers and protection of Missouri's environment, for the success of participants in the program, and for other issues of urgent need.

620.3910. 1. There is hereby created within the department of economic development the "General Regulatory Sandbox Program Advisory Committee", to be composed of the following members:

(1) The director of the department of economic development or his or her designee;

(2) The director of the department of commerce and insurance or his or her designee;

(3) The attorney general or his or her designee;

(4) Two members of the public to be appointed by the governor;

(5) A member of the public or of an institution of higher education, to be appointed by the governor;

(6) A member of an institution of higher education, to be appointed by the director of the department of higher education and workforce development;

(7) Two members of the house of representatives, one to be appointed by the speaker of the house of representatives and one to be appointed by the minority leader of the house of representatives; and

(8) Two members of the senate, one to be appointed by the president pro tempore of the senate and one to be appointed by the minority leader of the senate;

2. (1) Advisory committee members shall be appointed to a four-year term. Members who cease holding elective office shall be replaced by the speaker or minority leader of the house of representatives or the president pro tempore or minority floor leader of the senate, as applicable. The sandbox program director may establish the terms of initial

appointments so that approximately half of the advisory committee is appointed every two years.

(2) The sandbox program director shall select a chair of the advisory committee every two years in consultation with the members of the advisory committee.

(3) No appointee of the governor, speaker of the house of representatives, or president pro tempore of the senate may serve more than two consecutive complete terms.

3. A majority of the advisory committee shall constitute a quorum for the purpose of conducting business, and the action of a majority of a quorum shall constitute the action of the advisory committee, except as provided in subsection 4 of this section.

4. The advisory committee may, at its own discretion, meet to override a decision of the regulatory relief office on the admission or denial of an applicant to the sandbox program, provided such override is decided with a two-thirds majority vote of the members of the advisory committee, and further provided that such vote shall be taken within fifteen business days of the regulatory relief office's decision, and further provided that the risks posed to consumer health and safety and protection of Missouri's environment do not outweigh the intended benefits.

5. The advisory committee shall advise and make recommendations to the regulatory relief office on whether to approve applications to the sandbox program pursuant to section 620.3915.

6. The regulatory relief office shall provide administrative staff support for the advisory committee.

7. The members of the advisory committee shall serve without compensation, but may be reimbursed for any actual and necessary expenses incurred in the performance of the advisory committee's official duties.

8. Meetings of the advisory committee shall be considered public meetings for the purposes of chapter 610. However, a meeting of the committee shall be a closed meeting if the purpose of the meeting is to discuss an application for participation in the regulatory sandbox program and failing to hold a closed meeting would reveal information that constitutes proprietary or confidential trade secrets. Upon approval by a majority vote by members of the advisory committee, the advisory committee shall be allowed to conduct remote meetings, and individual members shall be allowed to attend meetings remotely. The advisory committee shall provide the public the ability to view any such remote meetings.

620.3915. 1. An applicant for the sandbox program shall provide to the regulatory relief office an application in a form prescribed by the regulatory relief office that:

(1) Confirms the applicant is subject to the jurisdiction of the state;

(2) Confirms the applicant has established physical residence or a virtual location in the state from which the demonstration of an innovative offering will be developed and performed, and where all required records, documents, and data will be maintained;

(3) Contains relevant personal and contact information for the applicant, including legal names, addresses, telephone numbers, email addresses, website addresses, and other information required by the regulatory relief office;

(4) Discloses criminal convictions of the applicant or other participating personnel, if any; and

(5) Contains a description of the innovative offering to be demonstrated, including statements regarding:

(a) How the innovative offering is subject to licensing, legal prohibition, or other authorization requirements outside of the sandbox program;

(b) Each law or regulation that the applicant seeks to have waived or suspended while participating in the sandbox program;

(c) How the innovative offering would benefit consumers;

(d) How the innovative offering is different from other innovative offerings available in the state;

(e) The risks that might exist for consumers who use or purchase the innovative offering;

(f) How participating in the sandbox program would enable a successful demonstration of the innovative offering of an innovative product or service;

(g) A description of the proposed demonstration plan, including estimated time periods for beginning and ending the demonstration;

(h) Recognition that the applicant will be subject to all laws and regulations pertaining to the applicant's innovative offering after the conclusion of the demonstration;

(i) How the applicant will end the demonstration and protect consumers if the demonstration fails;

(j) A list of each applicable agency, if any, that the applicant knows regulates the applicant's business; and

(k) Any other required information as determined by the regulatory relief office.

2. An applicant shall remit to the regulatory relief office an application fee of three hundred dollars per application for each innovative offering. Such application fees shall be used by the regulatory relief office solely

for the purpose of implementing the provisions of sections 620.3900 to 620.3930.

3. An applicant shall file a separate application for each innovative offering that the applicant wishes to demonstrate.

4. An applicant for the sandbox program may contact the regulatory relief office to request a consultation regarding the sandbox program before submitting an application. The regulatory relief office may provide assistance to an applicant in preparing an application for submission.

5. (1) After an application is filed, the regulatory relief office shall:

(a) Consult with each applicable agency that regulates the applicant's business regarding whether more information is needed from the applicant; and

(b) Seek additional information from the applicant that the regulatory relief office determines is necessary.

(2) No later than fifteen business days after the day on which a completed application is received by the regulatory relief office, the regulatory relief office shall:

(a) Review the application and refer the application to each applicable agency that regulates the applicant's business; and

(b) Provide to the applicant:

a. An acknowledgment of receipt of the application; and

b. The identity and contact information of each applicable agency to which the application has been referred for review.

(3) No later than sixty days after the day on which an applicable agency receives a completed application for review, the applicable agency shall provide a written report

to the sandbox program director with the applicable agency's findings. Such report shall:

(a) Describe any identifiable, likely, and significant harm to the health, safety, or financial well-being of consumers or Missouri's environment that the relevant law or regulation protects against; and

(b) Make a recommendation to the regulatory relief office that the applicant either be admitted or denied entrance into the sandbox program.

(4) An applicable agency may request an additional ten business days to deliver the written report required by subdivision (3) of this subsection by providing notice to the sandbox program director, which request shall automatically be granted. An applicable agency may request only one extension per application. The sandbox program director may also provide an additional extension to the applicable agency for cause.

(5) If an applicable agency recommends an applicant under this section be denied entrance into the sandbox program, the written report required by subdivision (3) of this subsection shall include a description of the reasons for such recommendation, including the reason a temporary waiver or suspension of the relevant laws or regulations would potentially significantly harm the health, safety, or financial well-being of consumers or the public or Missouri's environment and the assessed likelihood of such harm occurring.

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

(7) If an applicable agency fails to deliver the written report required by subdivision (3) of this subsection, the sandbox program director shall provide a final notice to the applicable agency for delivery of the written report. If the report is not delivered within five days of such final notice, the sandbox program director shall assume that the applicable agency does not object to the temporary waiver or suspension of the relevant laws or regulations for an applicant seeking to participate in the sandbox program.

6. (1) Notwithstanding any provision of this section to the contrary, an applicable agency may, by written notice to the regulatory relief office:

(a) Reject an application, provided such rejection occurs within forty-five days after the day on which the applicable agency receives a complete application for review, or within fifty days if an extension has been requested by the applicable agency, if the applicable agency determines, in the applicable agency's sole discretion, that the applicant's offering fails to comply with standards or specifications:

a. Required by federal rule or regulation; or

b. Previously approved for use by a federal agency; or

(b) Reject an application preliminarily approved by the regulatory relief office, if the applicable agency:

a. Recommends rejection of the application in the applicable agency's written report submitted pursuant to subdivision (3) of subsection 5 of this section; and

b. Provides in the written report submitted pursuant to subdivision (3) of subsection 5 of this section a description of the applicable agency's reasons approval of the application would create a substantial risk of harm to the health or safety of the public or Missouri's

environment, or create unreasonable expenses for taxpayers in the state.

(2) If any applicable agency rejects an application on a nonpreliminary basis pursuant to subdivision (1) of this subsection, the regulatory relief office shall not approve the application.

7. (1) The sandbox program director shall provide all applications and associated written reports to the advisory committee upon receiving a written report from an applicable agency.

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

(3) After receiving and reviewing the application and each associated written report, the advisory committee shall provide to the sandbox program director the advisory committee's recommendation as to whether the applicant should be admitted as a sandbox participant.

(4) As part of the advisory committee's review of each report, the advisory committee shall use criteria used by applicable agencies to evaluate applications.

8. The regulatory relief office shall consult with each applicable agency and the advisory committee before admitting an applicant into the sandbox program. Such consultation may include seeking information about whether:

(1) The applicable agency has previously issued a license or other authorization to the applicant; and

(2) The applicable agency has previously investigated, sanctioned, or pursued legal action against the applicant.

9. In reviewing an application under this section, the regulatory relief office and applicable agencies shall consider whether:

(1) A competitor to the applicant is or has been a sandbox participant and, if so, weigh that as a factor in favor of allowing the applicant to also become a sandbox participant;

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

(3) The risk of harm to consumers is outweighed by the potential benefits to consumers from the applicant's participation in the sandbox program; and

(4) Certain state laws or regulations that regulate an innovative offering should not be waived or suspended even if the applicant is approved as a sandbox participant, including applicable anti-fraud or disclosure provisions.

10. An applicant shall become a sandbox participant if the regulatory relief office approves the application for the sandbox program and enters into a written agreement with the applicant describing the specific laws and regulations that are waived or suspended as part of participation in the sandbox program. Notwithstanding any other provision of this section to the contrary, the regulatory relief office shall not enter into a written agreement with an applicant that exempts the applicant from any income, property, or sales tax liability unless such applicant otherwise qualifies for an exemption from such tax.

11. (1) The sandbox program director may deny at his or her sole discretion any application submitted under this section for any reason, including if the sandbox program director determines that the preponderance of evidence demonstrates that suspending or waiving enforcement of a law or regulation would cause significant risk of harm to consumers or residents of the state.

(2) If the sandbox program director denies an application submitted under this section, the regulatory relief office shall provide to the applicant a written description of the reasons for not allowing the applicant to become a sandbox participant.

(3) The denial of an application submitted under this section shall not be subject to judicial or administrative review.

(4) The acceptance or denial of an application submitted under this section may be overridden by an affirmative vote of a two-thirds majority of the advisory committee at the discretion of the advisory committee, provided such vote shall take place within fifteen business days of the sandbox program director's decision. Notwithstanding any other provision of this section to the contrary, the advisory committee shall not override a rejection made by an applicable agency.

(5) The sandbox program director shall deny an application for participation in the sandbox program if the applicant or any person who seeks to participate with the applicant in demonstrating an innovative offering has been convicted, entered into a plea of nolo contendere, or entered a plea of guilty or nolo contendere held in abeyance, for any crime involving significant theft, fraud, or dishonesty if the crime bears a significant relationship to the applicant's or other participant's ability to safely and competently participate in the sandbox program.

12. When an applicant is approved for participation in the sandbox program, the sandbox program director shall provide notice of the approval on the department's website.

13. Applications to participate in the sandbox program shall be considered public records for the purposes of chapter 610, provided, however, that any information

contained in such applications that constitutes proprietary or confidential trade secrets shall not be subject to disclosure pursuant to chapter 610.

620.3920. 1. If the regulatory relief office approves an application pursuant to section 620.3915, the sandbox participant shall have twenty-four months after the day on which the application was approved to demonstrate the innovative offering described in the sandbox participant's application.

2. An innovative offering that is demonstrated within the sandbox program shall only be available to consumers who are residents of Missouri or of another state. No law or regulation shall be waived or suspended if waiving or suspending such law or regulation would prevent a consumer from seeking restitution in the event that the consumer is harmed.

3. Nothing in sections 620.3900 to 620.3930 shall restrict a sandbox participant that holds a license or other authorization in another jurisdiction from acting in that jurisdiction in accordance with such license or other authorization.

4. (1) During the demonstration period, a sandbox participant shall not be subject to the enforcement of state laws or regulations identified in the written agreement between the regulatory relief office and the sandbox participant.

(2) A prosecutor shall not file or pursue charges pertaining to any action related to a law or regulation identified in the written agreement between the regulatory relief office and the sandbox participant that occurs during the demonstration period.

(3) A state agency shall not file or pursue any punitive action against a sandbox participant, including a

fine or license suspension or revocation, for the violation of a law or regulation that is identified as being waived or suspended in the written agreement between the regulatory relief office and the sandbox participant that occurs during the demonstration period.

5. Notwithstanding any provision of this section to the contrary, a sandbox participant shall not have immunity related to any criminal offense committed during the sandbox participant's participation in the sandbox program.

6. By written notice, the regulatory relief office may end a sandbox participant's participation in the sandbox program at any time and for any reason, including if the sandbox program director determines that a sandbox participant is not operating in good faith to bring an innovative offering to market; provided, however, that the sandbox program director's decision may be overridden by an affirmative vote of a two-thirds majority of the members of the advisory committee.

7. The regulatory relief office and regulatory relief office's employees shall not be liable for any business losses or the recouping of application expenses or other expenses related to the sandbox program, including for:

(1) Denying an applicant's application to participate in the sandbox program for any reason; or

(2) Ending a sandbox participant's participation in the sandbox program at any time and for any reason.

620.3925. 1. Before demonstrating an innovative offering to a consumer, a sandbox participant shall disclose the following information to the consumer:

(1) The name and contact information of the sandbox participant;

(2) A statement that the innovative offering is authorized pursuant to the sandbox program and, if

applicable, that the sandbox participant does not have a license or other authorization to provide an innovative offering under state laws that regulate offerings outside of the sandbox program;

(3) A statement that specific laws and regulations have been waived for the sandbox participant for the duration of its demonstration in the sandbox program, with a summary of such waived laws and regulations;

(4) A statement that the innovative offering is undergoing testing and may not function as intended and may expose the consumer to certain risks as identified by the applicable agency's written report;

(5) A statement that the provider of the innovative offering is not immune from civil liability for any losses or damages caused by the innovative offering;

(6) A statement that the provider of the innovative offering is not immune from criminal prosecution for violations of state law or regulations that are not suspended or waived as allowed within the sandbox program;

(7) A statement that the innovative offering is a temporary demonstration that may be discontinued at the end of the demonstration period;

(8) The expected end date of the demonstration period;
and

(9) A statement that a consumer may contact the regulatory relief office and file a complaint regarding the innovative offering being demonstrated, providing the regulatory relief office's telephone number, email address, and website address where a complaint may be filed.

2. The disclosures required by subsection 1 of this section shall be provided to a consumer in a clear and conspicuous form and, for an internet- or application-based

innovative offering, a consumer shall acknowledge receipt of the disclosure before any transaction may be completed.

3. The regulatory relief office may require that a sandbox participant make additional disclosures to a consumer.

620.3930. 1. At least forty-five days before the end of the twenty-four-month demonstration period, a sandbox participant shall:

(1) Notify the regulatory relief office that the sandbox participant will exit the sandbox program and discontinue the sandbox participant's demonstration after the day on which the twenty-four-month demonstration period ends; or

(2) Seek an extension pursuant to subsection 4 of this section.

2. If the regulatory relief office does not receive notification as required by subsection 1 of this section, the demonstration period shall end at the end of the twenty-four-month demonstration period.

3. If a demonstration includes an innovative offering that requires ongoing services or duties beyond the twenty-four-month demonstration period, the sandbox participant may continue to demonstrate the innovative offering but shall be subject to enforcement of the laws or regulations that were waived or suspended as part of the sandbox program.

4. (1) No later than forty-five days before the end of the twenty-four-month demonstration period, a sandbox participant may request an extension of the demonstration period.

(2) The regulatory relief office shall grant or deny a request for an extension by the end of the twenty-four-month demonstration period.

(3) The regulatory relief office may grant an extension for not more than twelve months after the end of the demonstration period.

(4) Sandbox participants may apply for additional extensions in accordance with the criteria used to assess their initial application, up to a cumulative maximum of seven years inclusive of the original twenty-four-month demonstration period.

(5) Notwithstanding the provisions of subsection 3 of this section to the contrary, if a sandbox participant is granted an extension pursuant to this subsection beyond the twenty-four-month demonstration period, the demonstration shall not be subject to enforcement of the laws or regulations that were waived or suspended as part of the sandbox program until the end of the extended demonstration period.

5. (1) A sandbox participant shall retain records, documents, and data produced in the ordinary course of business regarding an innovative offering demonstrated in the sandbox program for twenty-four months after exiting the sandbox program.

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

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

7. The regulatory relief office shall establish quarterly reporting requirements for each sandbox participant, including information about any consumer complaints.

8. (1) The sandbox participant shall notify the regulatory relief office and each applicable agency of any incidents that result in harm to the health, safety, or financial well-being of a consumer. The parameters for such incidents that shall be reported shall be laid out in the written agreement between the applicant and the regulatory relief office. Any incident reports shall be publicly available on the regulatory sandbox webpage provided, however, that any information contained in such reports that constitutes proprietary or confidential trade secrets shall not be subject to disclosure pursuant to chapter 610.

(2) If a sandbox participant fails to notify the regulatory relief office and each applicable agency of any incidents required to be reported, or the regulatory relief office or an applicable agency has evidence that significant harm to a consumer has occurred, the regulatory relief office may immediately remove the sandbox participant from the sandbox program.

9. No later than thirty days after the day on which a sandbox participant exits the sandbox program, the sandbox participant shall submit a written report to the regulatory relief office and each applicable agency describing an overview of the sandbox participant's demonstration. Failure to submit such a report shall result in the sandbox participant and any entity that later employs a member of the leadership team of the sandbox participant being prohibited from future participation in the sandbox program. Such report shall include any:

(1) Incidents of harm to consumers;

(2) Legal action filed against the sandbox participant as a result of the participant's demonstration; or

(3) Complaint filed with an applicable agency as a result of the sandbox participant's demonstration.

Any incident reports of harm to consumers, legal actions filed against a sandbox participant, or complaints filed with an applicable agency shall be compiled and made publicly available on the regulatory sandbox webpage provided, however, that any information contained in such reports or complaints that constitutes proprietary or confidential trade secrets shall not be subject to disclosure pursuant to chapter 610.

10. No later than thirty days after the day on which an applicable agency receives the quarterly report required by subsection 7 of this section or a written report from a sandbox participant as required by subsection 9 of this section, the applicable agency shall provide a written report to the regulatory relief office on the demonstration, which describes any statutory or regulatory reform the applicable agency recommends as a result of the demonstration.

11. The regulatory relief office may remove a sandbox participant from the sandbox program at any time if the regulatory relief office determines that a sandbox participant has engaged in, is engaging in, or is about to engage in any practice or transaction that is in violation of sections 620.3900 to 620.3930 or that constitutes a violation of a law or regulation for which suspension or waiver has not been granted pursuant to the sandbox program. Information on any removal of a sandbox participant for engaging in any practice or transaction that constitutes a violation of law or regulation for which suspension or waiver has not been granted pursuant to the

sandbox program shall be made publicly available on the regulatory sandbox webpage, provided, however, that any information that constitutes proprietary or confidential trade secrets shall not be subject to disclosure pursuant to chapter 610.

[536.303. 1. For any proposed rules that affect small business, the agency shall also submit a small business statement to the board after a public hearing is held. This section shall not apply to emergency rules. The small business statement required by this section shall provide the following information:

(1) A description of how the opinions or comments from affected small businesses were solicited;

(2) A summary of the public and small business comments;

(3) A summary of the agency's response to those comments; and

(4) The number of persons who attended the public hearing, testified at the hearing, and submitted written comments.

2. If a request to change the proposed rule was made at the hearing in a way that affected small business, a statement of the reasons for adopting the proposed rule without the requested change shall be included in the small business statement.]

[536.305. 1. There is hereby established the "Small Business Regulatory Fairness Board". The department of economic development shall provide staff support for the board.

2. The board shall be composed of nine members appointed in the following manner:

(1) One member who is the chair of the minority business advocacy commission;

(2) One member appointed by the president pro tempore of the senate;

(3) One member appointed by the minority leader of the senate;

(4) One member appointed by the speaker of the house of representatives;

(5) One member appointed by the minority leader of the house of representatives; and

(6) Four members appointed by the governor.

3. Each member of the board, except for the public members and the chair of the minority business advocacy commission, shall be a current or former owner or officer of a small business. All members of the board shall represent a variety of small businesses, both rural and urban, and be from a variety of geographical areas of this state, provided that no more than two members shall represent the same type of small business.

4. Members of the board shall serve a term of three years and may be reappointed at the conclusion of the term. No member shall serve more than three consecutive terms. Appointments shall be made so that one-third of the membership of the board shall terminate each year. The governor shall appoint the initial chairperson of the board and a majority of the board shall elect subsequent chairpersons. The chairperson shall serve as chair for a term of not more than two years.

5. Members of the board shall serve without compensation, but may be reimbursed for reasonable and necessary expenses relating to their performance of duties, according to the rules and regulations of travel issued by the office of administration. Members will be required to submit an expense account form in order to obtain reimbursement for expenses incurred.

6. The board shall meet as often as necessary, as determined by the chairperson of the board. All meetings of the board will be conducted in accordance with the governmental bodies and records act, chapter 610, including closed sessions. Notice will be posted and will be provided to the joint committee on administrative rules. Minutes of the meetings shall be provided to all members, the office of the governor, and the joint committee on administrative rules.

7. In addition to any other powers provided by sections 536.300 to 536.328, the

board may adopt any rules necessary to implement sections 536.300 to 536.328 and take any action necessary to effectuate the purposes of sections 536.300 to 536.328. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of this chapter and, if applicable, section 536.028. This section and this chapter are nonseverable and if any of the powers vested with the general assembly pursuant to this chapter to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2005, shall be invalid and void.]

[536.310. 1. The board shall:

(1) Provide state agencies with input regarding rules that adversely affect small businesses;

(2) Solicit input and conduct hearings from small business owners and state agencies regarding any rules proposed by a state agency; and

(3) Provide an evaluation report to the governor and the general assembly, including any recommendations and evaluations of state agencies regarding regulatory fairness for Missouri's small businesses. The report shall include comments from small businesses, state agency responses, and a summary of any public testimony on rules brought before the board for consideration.

2. In any inquiry conducted by the board because of a request from a small business owner, the board may make recommendations to the state agency. If the board makes recommendations, such recommendations shall be based on any of the following grounds:

(1) The rule creates an undue barrier to the formation, operation, and expansion of small businesses in a manner that significantly outweighs the rule's benefits to the public; or

(2) New or significant economic information indicates the proposed rule would create an undue impact on small businesses; or

(3) Technology, economic conditions, or other relevant factors justifying the purpose for the rule has changed or no longer exists; or

(4) If the rule was adopted after August 28, 2004, whether the actual effect on small businesses was not reflected in or significantly exceeded the small business impact statement submitted prior to the adoption of the rules.

3. Subject to appropriations, by a majority vote of the board, the board may hire a one-half full-time equivalent employee for clerical support and a full-time equivalent employee with total salaries funded from the department of economic development appropriations up to one hundred fifty thousand dollars adjusted annually for inflation for professional positions to:

(1) Conduct internet website additions, corrections, and deletions;

(2) Develop training programs for agencies;

(3) Send regulatory alerts to interested small business subscribers;

(4) Track small business comments regarding agencies and review and respond to the agency and small business accordingly;

(5) Prepare for board meetings and hearings, including outreach, travel, agendas, and minutes;

(6) Prepare member maintenance expense reports and appointments;

(7) Analyze small business impact statements. After such analysis, the employee shall review such statements, offer suggestions, and work with agencies to meet the statute requirements;

(8) Analyze biannual report reviews;

(9) Conduct agency correspondence and training;

(10) Conduct small business outreach by speaking at chamber and association events;

(11) Review the Missouri Register and other sources to look for proposed rules that may affect small business.

4. Subject to appropriations, the board may receive additional funds for:

- (1) Upkeep of its internet website;
- (2) Information technology;
- (3) Mileage for board members;
- (4) Publication, printing, and distribution of annual reports;
- (5) Outreach costs; and
- (6) Expenses and equipment for the one and one-half full-time equivalent employee of the board.

5. A majority vote of the board members shall be required for the hiring, retention, and termination of board employees. All duties of board employees shall be dedicated solely to the support of and for the furtherance of the purpose and mission of the board.]

[536.315. Any state agency receiving recommendations from the board shall promptly consider such recommendations and may file a response with the board within sixty days of receiving the board's recommendations. If the state agency determines that no action shall be taken on the board's recommendations, the agency should explain its reasons for its determination. If the state agency determines that the board's recommendations merit adoption, amendment or repeal of a rule, the agency should indicate this in its response.]

[536.323. 1. In addition to the basis for filing a petition provided in section 536.041, any affected small business may file a written petition with the agency that has adopted rules objecting to all or part of any rule affecting small business on any of the following grounds:

- (1) The actual effect on small business was not reflected in or significantly exceeded the small business impact statement submitted prior to the adoption of the rules;

- (2) The small business impact statement did not consider new or significant economic information that reveals an undue impact on small business; or

- (3) The impacts were not previously considered at the public hearing on the rules.

2. For any rule adopted prior to August 28, 2005, an affected small business may file a written petition with the agency that adopted the rule objecting to all or part of any rule affecting small business on any of the following grounds:

(1) The rule creates an undue barrier to the formation, operation, and expansion of small businesses in a manner that significantly outweighs the rule's benefit to the public;

(2) The rule duplicates, overlaps, or conflicts with rules adopted by the agency or any other agency or violates the substantive authority under which the rule was adopted; or

(3) The technology, economic conditions, or other relevant factors justifying the purpose for the rule has changed or no longer exist.

3. Upon submission of the petition, the agency shall forward a copy of the petition to the board and the joint committee on administrative rules, as required by section 536.041, as notification of a petition filed under sections 536.300 to 536.328. The agency shall promptly consider the petition and may seek advice and counsel regarding the petition. Within sixty days after the receipt of the petition, the agency shall determine whether the impact statement or public hearing addressed the actual and significant impact on small business. The agency shall submit a written response of the agency's determination to the board within sixty days of the receipt of the petition. If the agency determines that the petition merits the adoption, amendment, or repeal of a rule, it may initiate proceedings in accordance with the applicable requirements of this chapter.

4. If the agency determines that the petition does not merit the adoption, amendment, or repeal of a rule, any affected small business may seek a review of the decision by the board. The board may convene a hearing or by other means solicit testimony that will assist in its determination of whether to recommend that the agency initiate proceedings in accordance with this chapter. For rules adopted after August

28, 2005, the board shall base its recommendations on any of the following reasons:

(1) The actual effect on small business was not reflected in or significantly exceeded the impact statement submitted prior to the adoption of the rule;

(2) The impact statement did not consider new or significant economic information that reveals an undue impact on small business;

(3) Such impacts were not previously considered by the agency; or

(4) Such impacts were not previously considered at the public hearing on the rules.

5. For rules adopted prior to August 28, 2005, the board shall base its recommendations on any of the following reasons:

(1) The rules created an undue barrier to the formation, operation, and expansion of small businesses in a manner that significantly outweighs its benefit to the public;

(2) The rules duplicate, overlap, or conflict with rules adopted by the agency or any other agency or violate the substantive authority under which the rules were adopted; or

(3) The technology, economic conditions, or other relevant factors justifying the purpose for the rules have changed or no longer exist.

6. The board shall make an evaluation report to the governor and the general assembly on rulemaking proceedings, comments from small business, and agency response as provided in this section. The governor or general assembly may subsequently take such action in response to the evaluation report and agency response as they find appropriate.]

[536.325. 1. The board shall provide to the head of each agency a list of any rules adopted by the agency that affect small business and have generated complaints or concerns, including any rules that the board determines may duplicate, overlap, or conflict with other rules or exceed statutory authority. Within forty-five days after being notified by the board the list of rules adopted, the agency shall submit a written report to the board in

response to the complaints or concerns. The agency shall also state whether the agency has considered the continued need for the rules and the degree to which technology, economic conditions, and other relevant factors may have diminished or eliminated the need for maintaining the rules.

2. The board may solicit testimony from the public at a public meeting regarding any report submitted by the agency under this section or section 536.175. The board shall electronically submit an evaluation report to the governor and the general assembly regarding small business comments, agency response, and public testimony on rules in this section and the report shall be maintained on the board's website. The governor and the general assembly may take such action in response to the report as they find appropriate.】

【536.328. For any regulation subject to sections 536.300 to 536.328, a small business that is adversely affected or aggrieved by final agency action is entitled to judicial review of agency compliance with the requirements of sections 536.300 to 536.328. Judicial review shall be commenced in the circuit court of the county in which the small business has its primary place of business, or in Cole County. If the small business does not have a primary place of business in the state, proper venue shall be in Cole County. Notwithstanding any provisions of this chapter to the contrary, an affected small business may seek such judicial review during the period beginning on the date the proposed rule becomes final and ending one year later.】