

HOUSE BILL NO. HB0214

General regulatory sandbox program.

Sponsored by: Representative(s) Andrew, Larson, JT, Olsen,
Sherwood, Singh and Western and Senator(s)
Boner and Rothfuss

A BILL

for

1 AN ACT relating to economic development; creating the
2 general regulatory sandbox program; authorizing limited
3 waivers of statutes and rules under specified conditions;
4 establishing standards and procedures for sandbox
5 applications, operations and supervision; specifying
6 standards for the suspension and revocation of sandbox
7 authorization; providing definitions; requiring rulemaking;
8 requiring reporting; and providing for effective dates.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

11

12 **Section 1.** W.S. 9-12-1601 through 9-12-1612 are
13 created to read:

14

15

ARTICLE 16

1 GENERAL REGULATORY SANDBOX PROGRAM

2

3 **9-12-1601. Title.**

4

5 This article is known and may be cited as the "General
6 Regulatory Sandbox Program."

7

8 **9-12-1602. Definitions.**

9

10 (a) As used in this article:

11

12 (i) "Applicable agency" means a department or
13 agency of the state that by law regulates a business
14 activity and persons engaged in the business activity,
15 including issuing licenses or other types of authorization,
16 which the council determines has regulatory authority over
17 a sandbox participant;

18

19 (ii) "Applicant" means a person who applies to
20 participate in the general regulatory sandbox program;

21

22 (iii) "Consumer" means a person who purchases or
23 otherwise enters into a transaction or agreement to receive

1 an offering pursuant to a demonstration by a regulatory
2 sandbox participant;

3

4 (iv) "Council" means as defined in W.S.
5 9-12-102(a)(ii);

6

7 (v) "Demonstration" or "demonstrate" means to
8 provide an offering in accordance with this article;

9

10 (vi) "Offering" means a product, production
11 method or service;

12

13 (vii) "Product" means a commercially distributed
14 good that is:

15

16 (A) Tangible personal property;

17

18 (B) The result of a production process; and

19

20 (C) Passed through the distribution channel
21 before consumption.

22

1 (viii) "Production" means one (1) or more
2 methods of obtaining goods, including growing, raising,
3 mining, fabricating, harvesting, fishing, farming,
4 trapping, hunting, capturing, gathering, collecting,
5 breeding, extracting, manufacturing, processing or
6 assembling a good;

7
8 (ix) "Regulatory sandbox" means the general
9 regulatory sandbox program created by this article, which
10 allows a person to temporarily demonstrate an offering
11 without the enforcement of a law or regulation;

12
13 (x) "Sandbox participant" means a person whose
14 application to participate in the regulatory sandbox is
15 approved in accordance with this article;

16
17 (xi) "Service" means any commercial activity,
18 duty or labor performed for another person.

19

20 **9-12-1603. Duties of the council.**

21

22 (a) With respect to this article the council shall:

23

1 (i) Coordinate council policy and management
2 with state and federal agencies and local government
3 entities;

4

5 (ii) Act as a liaison between private businesses
6 and their applicable state regulatory bodies to identify
7 for temporary suspension laws or regulations that may
8 impair the business' ability to adapt to changing market
9 circumstances or to innovate in ways not contemplated or
10 allowed by the law or regulation;

11

12 (iii) Create a framework to analyze the risk
13 level to consumers with respect to a demonstration and the
14 appropriate response of laws to protect the health, safety
15 and financial wellbeing of consumers;

16

17 (iv) Formulate a proposal for potential
18 reciprocity agreements between states that have or wish to
19 use similar regulatory sandbox programs as set forth in
20 this article; and

21

22 (v) Promulgate rules to administer this article.

23

1 (b) In administering the regulatory sandbox, the
2 council:

3

4 (i) Shall establish a program to enable a person
5 to obtain legal protections and limited access to the
6 Wyoming market to demonstrate an offering without obtaining
7 a license or other authorization that would otherwise be
8 required;

9

10 (ii) To the extent not inconsistent with this
11 article, may enter into agreements with or adopt the best
12 practices of corresponding federal regulatory agencies or
13 other states that are administering programs that waive or
14 suspend statutory or regulatory requirements as a means of
15 promoting business development;

16

17 (iii) May consult with Wyoming businesses about
18 existing or potential proposals for the regulatory sandbox;

19

20 (iv) Shall consult with each applicable agency;

21

22 (v) Shall not approve any application that would
23 waive any law or regulation in violation of federal law, or

1 that would jeopardize any national accreditation or other
2 national standard for any state agency or any business
3 practice.

4

5 **9-12-1604. Program created; administration;**
6 **application requirements.**

7

8 (a) There is created the general regulatory sandbox
9 program to be administered by the council.

10

11 (b) An applicant for the regulatory sandbox may
12 contact the council for a consultation regarding the
13 regulatory sandbox before submitting an application.

14

15 (c) An applicant for the regulatory sandbox shall
16 provide to the council an application in a form prescribed
17 by the council that:

18

19 (i) Confirms that the applicant is subject to
20 the jurisdiction of the state;

21

22 (ii) Confirms that the applicant has a physical
23 presence in the state, that the demonstration will be

1 developed and performed in the state and that all required
2 records, documents and data will be maintained in the
3 state;

4

5 (iii) Contains relevant personal and contact
6 information for the applicant, including legal names,
7 addresses, telephone numbers, email addresses, website
8 addresses and other information required by the council;

9

10 (iv) Discloses criminal convictions of the
11 applicant or other participating persons, if any;

12

13 (v) Contains a description of the offering to be
14 demonstrated, including statements regarding:

15

16 (A) How the offering is subject to
17 licensing, legal prohibition, authorization requirements or
18 other requirements;

19

20 (B) Each law or regulation that the
21 applicant seeks to have waived or suspended while
22 participating in the regulatory sandbox;

23

1 (C) How the offering would benefit
2 consumers;

3

4 (D) How the offering is different from
5 other offerings available in the state;

6

7 (E) What risks might exist for consumers
8 who use or purchase the offering as part of a demonstration
9 if the offering is not subject to regulatory and legal
10 requirements;

11

12 (F) How participating in the regulatory
13 sandbox would enable a successful demonstration of the
14 offering;

15

16 (G) A description of the proposed
17 demonstration plan, including estimated time periods for
18 beginning and ending the demonstration;

19

20 (H) Recognition that the applicant will be
21 subject to all laws and regulations pertaining to the
22 applicant's offering after conclusion of the demonstration;
23 and

1

2 (J) How the applicant will end the
3 demonstration and protect consumers' interests or rights if
4 the demonstration fails.

5

6 (vi) Lists which government agency, if any,
7 regulates the applicant's business; and

8

9 (vii) Provides any other information as required
10 by the council.

11

12 (d) The council shall collect a reasonable
13 application fee from an applicant as set by rule of the
14 council.

15

16 (e) An applicant shall file a separate application
17 for each offering that the applicant wishes to demonstrate.

18

19 (f) After an application is filed, the council may
20 request additional information from the applicant that the
21 council determines is necessary to evaluate the application
22 and for the application to be considered complete.

23

1 (g) No application shall be approved if any
2 applicant, within the past ten (10) years, has been
3 convicted of, entered a plea of nolo contendere for,
4 entered a plea of guilty for or had a nolo contendere held
5 in abeyance, for any crime involving significant theft,
6 fraud or dishonesty, or for a crime that bears a
7 significant relationship to the applicant or participant's
8 ability to safely and competently participate in the
9 regulatory sandbox.

10

11 **9-12-1605. Application reviews and reports;**
12 **consultation.**

13

14 (a) Not later than five (5) business days after the
15 day on which the council receives a complete application
16 pursuant to W.S. 9-12-1604, the council shall:

17

18 (i) Review the application and refer the
19 application to a relevant applicable agency; and

20

21 (ii) Provide to the applicant:

22

1 (A) An acknowledgment of receipt of the
2 application; and

3

4 (B) The identity and contact information of
5 each applicable agency to which the application has been
6 referred for review.

7

8 (b) Not later than twenty-five (25) business days
9 after the day on which an applicable agency receives a
10 complete application for review, the applicable agency
11 shall deliver a written report to the council of its
12 findings. The report shall:

13

14 (i) Describe any identifiable and likely harm to
15 the health, safety or financial wellbeing of Wyoming
16 consumers that the law or regulation subject to waiver
17 protects against; and

18

19 (ii) Make a recommendation to the council that
20 the applicant either be admitted or denied entrance into
21 the regulatory sandbox.

22

1 (c) The applicable agency may provide notice to the
2 council of an extension of five (5) business days to
3 deliver the report required by subsection (b) of this
4 section, which shall be automatically granted. Only one (1)
5 extension shall be permitted per application.

6

7 (d) If the applicable agency recommends an applicant
8 under this section be denied entrance into the regulatory
9 sandbox, the applicable agency shall provide to the council
10 a written description of the reasons for the denial
11 recommendation and why a temporary suspension of specified
12 laws or regulations would harm consumers. The description
13 shall include:

14

15 (i) The type of potential harm consumers could
16 face as a result of temporary suspension of laws and
17 regulations and its severity;

18

19 (ii) The probability of the potential harm
20 occurring; and

21

22 (iii) The permanence of the potential harm.

23

1 (e) If the applicable agency believes that a
2 consumer's health, safety and financial wellbeing can be
3 protected through less restrictive means than a waiver of
4 the existing law or regulation, then the applicable agency
5 shall articulate how that can be achieved.

6

7 (f) The council shall consider an applicable agency's
8 failure to deliver the report required under subsection (b)
9 of this section within the required time as a lack of
10 objection to the temporary suspension of the applicable law
11 or regulation under this article.

12

13 (g) The council shall consult with each applicable
14 agency before recommending to the state loan and investment
15 board that an applicant be admitted into the regulatory
16 sandbox.

17

18 (h) The consultation with an applicable agency may
19 include seeking information about whether:

20

21 (i) The applicable agency has previously issued
22 a license or other authorization to the applicant;

23

1 (ii) The applicable agency has previously
2 investigated, sanctioned or pursued legal action against
3 the applicant;

4

5 (iii) Whether certain laws or regulations should
6 not be suspended even if the applicant is accepted into the
7 regulatory sandbox.

8

9 (j) In reviewing an application, the council and
10 applicable agency shall consider whether a competitor to
11 the applicant is or has been a sandbox participant and, if
12 so, weigh that as a factor in favor of allowing the
13 applicant to also become a sandbox participant.

14

15 (k) In reviewing whether an application will be
16 approved, and in consultation with the applicant, the
17 council shall consider whether:

18

19 (i) An applicant's plan adequately protects
20 consumers from potential harm; and

21

1 (ii) The benefits to consumers of not suspending
2 the law or regulation outweigh the offering's potential
3 benefits to consumers.

4

5 (m) The council may deny any application if the
6 council determines that the preponderance of the evidence
7 demonstrates that suspending enforcement of a law or
8 regulation would cause a significant risk of harm to
9 consumers or residents of this state.

10

11 (n) If the council approves an application it shall
12 submit it to the state loan and investment board for final
13 approval. The state loan and investment board shall
14 consider all of the factors specified in this article, and
15 any other factors it finds relevant, in the same manner as
16 the council in determining whether to approve or deny an
17 application.

18

19 (o) If the state loan and investment board denies an
20 application, not later than ten (10) days after the denial
21 the state loan and investment board shall provide to the
22 applicant a written description of the reasons for the
23 denial as a sandbox participant.

1

2 (p) An applicant becomes a sandbox participant if the
3 state loan and investment board approves the applicant's
4 application for the regulatory sandbox.

5

6 **9-12-1606. Availability of regulatory sandbox.**

7

8 (a) The regulatory sandbox authorized in this article
9 shall not apply to any financial product or service as
10 defined in W.S. 40-29-102(a)(iv) or any innovative medical
11 digital assessment product or service under title 40,
12 chapter 28 of the Wyoming statutes.

13

14 (b) A government agency that issues any cease and
15 desist letter, citation or other punitive action regarding
16 commercial activity shall provide the person involved in
17 the commercial activity with information for contacting the
18 council to request a suspension through the regulatory
19 sandbox program. The agency shall also notify the council
20 of the cease and desist letter, citation or other punitive
21 action.

22

23 **9-12-1607. Scope of the regulatory sandbox.**

1

2 (a) If the state loan and investment board approves
3 an application under W.S. 9-12-1604 and 9-12-1605:

4

5 (i) The council shall provide to the sandbox
6 participant the description in the report prepared in
7 accordance with W.S. 9-12-1605(b)(i);

8

9 (ii) The state loan and investment board shall
10 articulate specific laws and regulations to which the
11 sandbox participant will not be subject during the
12 demonstration; and

13

14 (iii) The sandbox participant has
15 twenty-four (24) months after the day on which the
16 application is approved to demonstrate the offering
17 described in the sandbox participant's application.

18

19 (b) An offering that is demonstrated within the
20 regulatory sandbox is subject to the following:

21

22 (i) Target consumers shall be residents of the
23 state;

1

2 (ii) No law shall be suspended that would
3 prevent a consumer from seeking restitution in the event
4 the consumer has been harmed.

5

6 (c) This article shall not restrict a sandbox
7 participant who holds a license or other authorization in
8 another jurisdiction from acting in accordance with that
9 license or other authorization.

10

11 (d) During a sandbox participant's term under
12 paragraph (a)(iii) of this section, a sandbox participant
13 shall be deemed to possess an appropriate license or other
14 authorization under the laws of the state for the purposes
15 of any provision of federal law requiring state licensure
16 or authorization by the state.

17

18 (e) Except as otherwise provided in subsections (h)
19 and (j) of this section, a sandbox participant shall not be
20 subject to enforcement of state laws or regulations
21 identified in paragraph (a)(ii) of this section.

22

1 (f) A prosecutor shall not file or pursue charges
2 pertaining to a violation of a law or regulation identified
3 in paragraph (a)(ii) of this section against an applicant
4 that occurred during the demonstration period.

5

6 (g) A state agency shall not file or pursue any
7 punitive action or enforcement action, including a fine or
8 license suspension or revocation, pertaining to a violation
9 of a law or regulation identified in paragraph (a)(ii) of
10 this section against an applicant that occurred during the
11 demonstration period.

12

13 (h) If the council determines that certain state laws
14 or rules that regulate an offering apply to a sandbox
15 participant, the council shall notify the sandbox
16 participant of the specific laws or rules that apply to the
17 sandbox participant.

18

19 (j) Notwithstanding any other provision of this
20 section, a sandbox participant shall not have immunity
21 related to any criminal offense committed during the
22 sandbox participant's demonstration.

23

1 (k) By written notice, the council may end a sandbox
2 participant's participation in the regulatory sandbox at
3 any time and for any reason, including if the council
4 determines a sandbox participant is not operating in good
5 faith to bring an offering to market.

6

7 (m) The council and the state loan and investment
8 board are not liable for any business losses or the
9 recouping of application expenses or other expenses related
10 to the sandbox, including for:

11

12 (i) Denying an applicant's application to
13 participate in the regulatory sandbox for any reason; or

14

15 (ii) Ending a sandbox participant's
16 participation in the regulatory sandbox at any time and for
17 any reason.

18

19 **9-12-1608. Consumer protection for regulatory**
20 **sandbox.**

21

22 (a) Before demonstrating to a consumer an offering
23 that is offered by participation in the regulatory sandbox,

1 a sandbox participant shall disclose the following to the
2 consumer:

3

4 (i) The name and contact information of the
5 sandbox participant;

6

7 (ii) That the offering is authorized pursuant to
8 the regulatory sandbox and, if applicable, that the sandbox
9 participant does not have a license or other authorization
10 to provide an offering under state laws that regulate
11 offerings outside the regulatory sandbox;

12

13 (iii) That the offering is undergoing testing
14 and may not function as intended and may expose the
15 customer to certain risks as identified by the applicable
16 agency's review;

17

18 (iv) That the provider of the offering is not
19 immune from potential civil liability caused by the
20 offering;

21

22 (v) That the provider of the offering is not
23 immune from criminal prosecution for violations of Wyoming

1 law or regulations not suspended pursuant to the
2 demonstration;

3

4 (vi) That the state does not endorse or
5 recommend the offering;

6

7 (vii) That the offering is a temporary
8 demonstration that may be discontinued at the end of the
9 demonstration period, or earlier;

10

11 (viii) The expected end date of the
12 demonstration period; and

13

14 (ix) That a consumer may contact the council to
15 file a complaint regarding the offering being demonstrated.
16 The disclosure shall provide the council's telephone number
17 and website address where a complaint may be filed.

18

19 (b) The disclosures required by subsection (a) of
20 this section shall be provided to a consumer in a clear and
21 conspicuous form and a consumer shall acknowledge receipt
22 of the disclosure before a transaction may be completed.

23

1 (c) The council may, when the state loan and
2 investment board approves an application, require that a
3 sandbox participant make additional disclosures to a
4 consumer.

5

6 (d) The council shall make reasonable efforts to
7 notify a sandbox participant's competitors when a law is
8 suspended under this article so that another company
9 subject to the law may also apply to the council to
10 participate in the regulatory sandbox.

11

12 (e) If the council determines that a sandbox
13 participant has engaged in, is engaging in or is about to
14 engage in any practice or transaction that is in violation
15 of this article or that constitutes a violation of a law
16 for which suspension has not been granted, the council may
17 remove a sandbox participant from the regulatory sandbox.

18

19 **9-12-1609. Requirements for exiting regulatory**
20 **sandbox.**

21

22 (a) Not less than thirty (30) days before the end of
23 the twenty-four (24) month regulatory sandbox demonstration

1 period, a sandbox participant shall notify the council that
2 the sandbox participant will exit the regulatory sandbox
3 and discontinue the sandbox participant's demonstration
4 after the day on which the twenty-four (24) month
5 demonstration period ends or seek an extension in
6 accordance with W.S. 9-12-1610.

7

8 (b) Subject to subsection (c) of this section, if the
9 council does not receive notification as required by
10 subsection (a) of this section, the regulatory sandbox
11 demonstration period shall end at the conclusion of the
12 twenty-four (24) month demonstration period.

13

14 (c) If a demonstration includes an offering that
15 requires ongoing duties, such as servicing the offering,
16 the sandbox participant may continue to do so but will be
17 subject to enforcement of the laws or regulations that were
18 suspended as part of the regulatory sandbox.

19

20 **9-12-1610. Extensions.**

21

22 (a) Not less than thirty (30) days before the end of
23 the twenty-four (24) month regulatory sandbox demonstration

1 period, a sandbox participant may request an extension of
2 the regulatory sandbox demonstration period.

3

4 (b) The council shall grant or deny a request for an
5 extension before the end of the twenty-four (24) month
6 regulatory sandbox demonstration period.

7

8 (c) The council may grant an extension under this
9 section for not more than twenty-four (24) months after the
10 end of the initial regulatory sandbox demonstration period.

11

12 **9-12-1611. Record keeping and reporting requirements.**

13

14 (a) A sandbox participant shall retain records,
15 documents and data produced in the ordinary course of
16 business regarding an offering demonstrated in the
17 regulatory sandbox.

18

19 (b) If a sandbox participant ceases to provide an
20 offering before the end of a demonstration period, the
21 sandbox participant shall notify the applicable agency and
22 council and report on actions taken by the sandbox

1 participant to ensure consumers have not been harmed as a
2 result.

3

4 (c) A sandbox participant shall provide the council
5 with a written report every three (3) months during the
6 demonstration period that provides an update on the status
7 of the demonstration.

8

9 (d) A sandbox participant shall immediately notify
10 the applicable agency and the council of any incidents that
11 result in harm to the health, safety or financial wellbeing
12 of a Wyoming consumer that the relevant law identified in
13 the report required by W.S. 9-12-1605(b)(i) protects
14 against.

15

16 (e) If the sandbox participant fails to notify the
17 applicable agency and the council of any incidents as
18 required under subsection (d) of this section, or the
19 applicable agency has evidence that significant and
20 irreparable harm has occurred to a consumer, the
21 participant shall be removed from the regulatory sandbox
22 immediately.

23

1 (f) Not less than thirty (30) days after a sandbox
2 participant exits the regulatory sandbox, the participant
3 shall submit a report of termination of the participant's
4 demonstration to the council and the applicable agency. The
5 report shall include any incident of an offering of the
6 participant's that harmed any consumer and recommendations
7 for reform.

8

9 (g) Not less than thirty (30) days after the
10 submission of the report under subsection (f) of this
11 section, the applicable agency shall provide the council
12 with a report on the demonstration and describe any
13 regulatory or legislative reform the applicable agency
14 believes should be made as a result of the demonstration.

15

16 **9-12-1612. Annual report.**

17

18 (a) Not later than October 1, 2024, and every October
19 1 thereafter, the council shall provide a written report to
20 the joint minerals, business and economic development
21 interim committee concerning the activities of the council
22 under this article, including:

23

1 (i) Information regarding each sandbox
2 participant;

3

4 (ii) Recommendations regarding the effectiveness
5 of the regulatory sandbox;

6

7 (iii) Any proactive assessment of existing laws
8 that the council believes are excessive or unwarranted in
9 light of their risk level pursuant to the framework
10 analysis in W.S. 9-12-1603(a)(iii) and the report received
11 pursuant to W.S. 9-12-1611(g);

12

13 (iv) A status update of the participants
14 currently in the regulatory sandbox and which industries
15 the participants represent;

16

17 (v) Anticipated or actual cost savings that
18 companies experienced through participation in the
19 regulatory sandbox; and

20

21 (vi) Other benefits to consumers and the Wyoming
22 economy.

23

1 **Section 2.** W.S. 9-12-102(a)(intro) and (viii),
2 9-12-105(a) by creating a new paragraph (x) and 16-4-203(d)
3 by creating a new paragraph (xxi) are amended to read:

4

5 **9-12-102. Definitions.**

6

7 (a) As used in this act, the following terms have the
8 following meanings, except where the context clearly
9 indicates otherwise or where the term is otherwise defined
10 in this act:

11

12 (viii) "This act" means W.S. 9-12-101 through
13 ~~9-12-1509~~ 9-12-1612.

14

15 **9-12-105. Economic development services.**

16

17 (a) It shall be the duty of the council to encourage,
18 stimulate and support the development and expansion of the
19 economy of the state. The council is charged with the
20 following duties and responsibilities:

21

22 (x) To administer the general regulatory sandbox
23 program established in article 16 of this chapter.

1

2 **16-4-203. Right of inspection; grounds for denial;**
3 **access of news media; order permitting or restricting**
4 **disclosure; exceptions.**

5

6 (d) The custodian shall deny the right of inspection
7 of the following records, unless otherwise provided by law:

8

9 (xxi) Any part of an application pursuant to the
10 general regulatory sandbox program that, if disclosed,
11 would result in actual economic harm to the applicant.
12 Nothing in this paragraph shall restrict access to a record
13 evidencing a final contract or approval decision.

14

15 **Section 3.** The Wyoming business council and the state
16 loan and investment board shall promulgate any rules
17 necessary to implement this act.

18

1 **Section 4.**

2

3 (a) Except as provided in subsection (b) of this
4 section, this act is effective July 1, 2023.

5

6 (b) Sections 3 and 4 of this act are effective
7 immediately upon completion of all acts necessary for a
8 bill to become law as provided by Article 4, Section 8 of
9 the Wyoming Constitution.

10

11

(END)