SECOND REGULAR SESSION

SENATE BILL NO. 894

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR FITZWATER.

KRISTINA MARTIN, Secretary

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536.315, 536.323, 536.325, and 536.328, RSMo, are repealed and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 be2 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:

7 (1) The number of contracts awarded to businesses that 8 have been in operation for less than three years;

9 (2) The percentage of the number of contracts awarded 10 to businesses that have been in operation for less than 11 three years compared to the total number of contracts 12 awarded;

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

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(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.

25 3. The commissioner of administration, in conjunction with the office of entrepreneurship under section 620.3800, 26 27 shall produce and file a report with the general assembly 28 making recommendations on improving access and resources for 29 new Missouri businesses that have been in operation for less than three years on or before January 1, 2026. 30 The report 31 shall also include recommendations on improving access and resources for new businesses owned by a racial minority 32 33 group, as such term is defined in section 37.013, womenowned businesses, and veteran-owned Missouri businesses that 34 35 have been in operation for less than three years on or before January 1, 2026. 36

536.300. 1. Prior to submitting proposed rules for 2 adoption, amendment, revision, or repeal, under this chapter 3 the state agency shall determine whether the proposed 4 rulemaking affects small businesses and, if so, the 5 availability and practicability of less-restrictive 6 alternatives that could be implemented to achieve the same 7 results of the proposed rulemaking. This requirement shall 8 not apply to emergency rulemaking pursuant to section

9 536.025 or to constitutionally authorized rulemaking
10 pursuant to Article IV, Section 45 of the Missouri
11 Constitution. This requirement shall be in addition to the
12 fiscal note requirement of sections 536.200 to 536.210.

If the proposed rules affect small businesses, the 13 2. state agency shall consider creative, innovative, or 14 flexible methods of compliance for small business and 15 16 prepare a small business impact statement to be submitted to 17 the secretary of state and the joint committee on 18 administrative rules with the proposed rules. [A copy of the proposed rules and the small business impact statement 19 shall also be filed with the board on the same date as they 20 are filed with the secretary of state.] Such business 21 impact statement and proposed rules shall be submitted to 22 the board prior to providing notice for a public hearing. 23 24 The statement shall provide a reasonable determination of 25 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;

32 (2) How the agency involved small businesses in the33 development of the proposed rules;

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

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

45 In dollar amounts, the increase in the level of (5) 46 direct costs, such as fees or administrative penalties, and 47 indirect costs, such as reporting, record keeping, equipment, construction, labor, professional services, 48 49 revenue loss, or other costs associated with compliance if such costs are capable of determination, except in cases 50 where the state agency has filed a fiscal note that complies 51 with all of the provisions of section 536.205; 52

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

56 (7) Whether the proposed rules include provisions that 57 are more stringent than those mandated by any comparable or 58 related federal, state, or county standards, with an 59 explanation of the reason for imposing the more-stringent 60 standard.

3. Any proposed rule that is required to have a small 61 business impact statement but does not include such a 62 statement shall be invalid and the secretary of state should 63 not publish the rule until such time as the statement is 64 65 provided. If the state agency determines that its proposed rule does not affect small business, the state agency shall 66 so certify this finding in the transmittal letter to the 67 secretary of state, stating that it has determined that such 68 proposed rule will not have an economic impact on small 69 70 businesses and the secretary of state shall publish the rule.

71 [Sections 536.300 to 536.310] This section and 4. 72 section 536.020 shall not apply where the proposed rule is 73 being promulgated on an emergency basis, where the rule is federally mandated, or where the rule substantially codifies 74 75 existing federal or state law. Notwithstanding the 76 provisions of this section, federally mandated regulations 77 are subject to the federal Regulatory Flexibility Act as 78 amended by the Small Business Regulatory and Enforcement 79 Fairness Act of 1996, P.L. 96-354, as amended by P.L. 80 104.121. Any federally mandated regulations that do not comply with these acts shall be subject to this section. 81

620.3800. There is hereby created within the department of economic development the "Office of 2 3 Entrepreneurship". The office shall employ an individual to 4 promote policies and initiatives to support the growth of 5 entrepreneurship of Missouri-based businesses with less than 6 ten employees, including entrepreneurship within racial minority groups, as such term is defined in section 37.013, 7 and women and veteran entrepreneurship, in the state. 8 The office shall work with Missouri stakeholders and 9 10 communities, including minority communities, to provide information and technical support to entrepreneurs. 11 The 12 office shall support and advise the office of administration 13 with preparing the report pursuant to subsection 3 of section 34.195. 14

620.3900. 1. Sections 620.3900 to 620.3930 shall be 2 known and may be cited as the "Regulatory Sandbox Act".

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

5 (1) "Advisory committee", the general regulatory
6 sandbox program advisory committee created in section
7 620.3910;

8 (2) "Applicable agency", a department or agency of the 9 state that by law regulates a business activity and persons 10 engaged in such business activity, including the issuance of licenses or other types of authorization, and which the 11 12 regulatory relief office determines would otherwise regulate a sandbox participant. A participant may fall under 13 14 multiple applicable agencies if multiple agencies regulate 15 the business activity that is subject to the sandbox program "Applicable agency" shall not include the 16 application. 17 division of professional registration and its boards, commissions, committees, and offices; 18

(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;

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

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

"Product", a commercially distributed good that is:

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(9)

(b)

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(a) Tangible personal property; and

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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;

45 (11) "Regulatory relief office", the office
46 responsible for administering the sandbox program within the
47 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;

57 (14) "Sandbox program director", the director of the 58 regulatory relief office;

59 (15)"Service", any commercial activity, duty, or labor performed for another person or business. 60 "Service" shall not include a product or service when its use would 61 62 impact rates, statutorily authorized service areas, or 63 system safety or reliability of an electrical corporation or gas corporation, as defined in section 386.020, as 64 65 determined by the public service commission, or of any rural electric cooperative organized or operating under the 66 provisions of chapter 394, or to any corporation organized 67 68 on a nonprofit or a cooperative basis as described in 69 subsection 1 of section 394.200, or to any electrical 70 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.

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2. The regulatory relief office shall:

8 (1) Administer the sandbox program pursuant to 9 sections 620.3900 to 620.3930;

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

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(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.

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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
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;

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

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

In accordance with the provisions of chapter 536 45 (6) and the provisions of sections 620.3900 to 620.3930, make 46 47 rules regarding the administration of the sandbox program, 48 including making rules regarding the application process and the reporting requirements of sandbox participants. 49 Any 50 rule or portion of a rule, as that term is defined in 51 section 536.010, that is created under the authority 52 delegated in this section shall become effective only if it complies with and is subject to all of the provisions of 53 chapter 536 and, if applicable, section 536.028. 54 This section and chapter 536 are nonseverable and if any of the 55 powers vested with the general assembly pursuant to chapter 56 57 536 to review, to delay the effective date, or to disapprove 58 and annul a rule are subsequently held unconstitutional,

59 then the grant of rulemaking authority and any rule proposed 60 or adopted after August 28, 2024, shall be invalid and void.

61 4. (1) The regulatory relief office shall create and 62 maintain on the department's website a web page that invites 63 residents and businesses in the state to make suggestions 64 regarding laws and regulations that could be modified or 65 eliminated to reduce the regulatory burden on residents and 66 businesses in the state.

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

72 (3) In creating the report described in subdivision
73 (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

80 (b) May evaluate the suggestions and provide analysis 81 and suggestions regarding which state laws and regulations 82 could be modified or eliminated to reduce the regulatory 83 burden on residents and businesses in the state while still 84 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

90 participant and the anticipated or actual cost savings that 91 each participant experienced;

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

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

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

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

101 (2) The department may provide an interim report from 102 the sandbox program director to the governor and general 103 assembly on specific, time-sensitive issues for the 104 functioning of the sandbox program, for the health and 105 safety of consumers, for the success of participants in the 106 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:

5 (1) The director of the department of economic 6 development or his or her designee;

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

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

10 (4) Two members of the public to be appointed by the11 governor;

12 (5) A member of the public or of an institution of
 13 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;

17 (7) Two members of the house of representatives, one
18 to be appointed by the speaker of the house of
19 representatives and one to be appointed by the minority
20 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;

24 2. (1) Advisory committee members shall be appointed 25 to a four-year term. Members who cease holding elective 26 office shall be replaced by the speaker or minority leader 27 of the house of representatives or the president pro tempore 28 or minority floor leader of the senate, as applicable. The 29 sandbox program director may establish the terms of initial appointments so that approximately half of the advisory 30 committee is appointed every two years. 31

(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.

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

38 3. A majority of the advisory committee shall 39 constitute a quorum for the purpose of conducting business, 40 and the action of a majority of a quorum shall constitute 41 the action of the advisory committee, except as provided in 42 subsection 4 of this section.

43 4. The advisory committee may, at its own discretion,
44 meet to override a decision of the regulatory relief office
45 on the admission or denial of an applicant to the sandbox

46 program, provided such override is decided with a two-thirds 47 majority vote of the members of the advisory committee, and 48 further provided that such vote shall be taken within 49 fifteen business days of the regulatory relief office's 50 decision.

5. The advisory committee shall advise and make 52 recommendations to the regulatory relief office on whether 53 to approve applications to the sandbox program pursuant to 54 section 620.3915.

55 6. The regulatory relief office shall provide 56 administrative staff support for the advisory committee.

57 7. The members of the advisory committee shall serve 58 without compensation, but may be reimbursed for any actual 59 and necessary expenses incurred in the performance of the 60 advisory committee's official duties.

61 8. Meetings of the advisory committee shall be 62 considered public meetings for the purposes of chapter 610. However, a meeting of the committee shall be a closed 63 64 meeting if the purpose of the meeting is to discuss an application for participation in the regulatory sandbox 65 66 program and failing to hold a closed meeting would reveal information that constitutes proprietary or confidential 67 trade secrets. Upon approval by a majority vote by members 68 69 of the advisory committee, the advisory committee shall be 70 allowed to conduct remote meetings, and individual members shall be allowed to attend meetings remotely. The advisory 71 committee shall provide the public the ability to view any 72 73 such remote meetings.

620.3915. 1. An applicant for the sandbox program 2 shall provide to the regulatory relief office an application 3 in a form prescribed by the regulatory relief office that:

4 (1) Confirms the applicant is subject to the 5 jurisdiction of the state;

6 (2) Confirms the applicant has established physical 7 residence or a virtual location in the state from which the 8 demonstration of an innovative offering will be developed 9 and performed, and where all required records, documents, 10 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;

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

17 (5) Contains a description of the innovative offering
 18 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;

25 (c) How the innovative offering would benefit
 26 consumers;

27 (d) How the innovative offering is different from
28 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;

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

41 (i) How the applicant will end the demonstration and
42 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

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

47 2. An applicant shall remit to the regulatory relief 48 office an application fee of three hundred dollars per 49 application for each innovative offering. Such application 50 fees shall be used by the regulatory relief office solely 51 for the purpose of implementing the provisions of sections 52 620.3900 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:

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

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

69 (2) No later than fifteen business days after the day
70 on which a completed application is received by the
71 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

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(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.

80 (3) No later than sixty days after the day on which an
81 applicable agency receives a completed application for
82 review, the applicable agency shall provide a written report
83 to the sandbox program director with the applicable agency's
84 findings. Such report shall:

(a) Describe any identifiable, likely, and significant
harm to the health, safety, or financial well-being of
consumers 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.

92 (4) An applicable agency may request an additional ten
93 business days to deliver the written report required by
94 subdivision (3) of this subsection by providing notice to
95 the sandbox program director, which request shall

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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.

100 If an applicable agency recommends an applicant (5) 101 under this section be denied entrance into the sandbox program, the written report required by subdivision (3) of 102 103 this subsection shall include a description of the reasons for such recommendation, including the reason a temporary 104 105 waiver or suspension of the relevant laws or regulations 106 would potentially significantly harm the health, safety, or 107 financial well-being of consumers or the public and the assessed likelihood of such harm occurring. 108

109 (6) If an applicable agency determines that the 110 consumer's or public's health, safety, or financial well-111 being can be protected through less restrictive means than 112 the existing relevant laws or regulations, the applicable 113 agency shall provide a recommendation of how that can be 114 achieved.

If an applicable agency fails to deliver the 115 (7) written report required by subdivision (3) of this 116 subsection, the sandbox program director shall provide a 117 final notice to the applicable agency for delivery of the 118 119 written report. If the report is not delivered within five 120 days of such final notice, the sandbox program director shall assume that the applicable agency does not object to 121 the temporary waiver or suspension of the relevant laws or 122 123 regulations for an applicant seeking to participate in the 124 sandbox program.

125 6. (1) Notwithstanding any provision of this section 126 to the contrary, an applicable agency may, by written notice 127 to the regulatory relief office:

Reject an application, provided such rejection 128 (a) 129 occurs within forty-five days after the day on which the 130 applicable agency receives a complete application for 131 review, or within fifty days if an extension has been requested by the applicable agency, if the applicable agency 132 133 determines, in the applicable agency's sole discretion, that the applicant's offering fails to comply with standards or 134 135 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 create unreasonable expenses for taxpayers in the state.

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

153 7. (1) The sandbox program director shall provide all 154 applications and associated written reports to the advisory 155 committee upon receiving a written report from an applicable 156 agency.

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

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

165 (4) As part of the advisory committee's review of each
 166 report, the advisory committee shall use criteria used by
 167 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:

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

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

176 9. In reviewing an application under this section, the
177 regulatory relief office and applicable agencies shall
178 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.

193 10. An applicant shall become a sandbox participant if 194 the regulatory relief office approves the application for the sandbox program and enters into a written agreement with 195 196 the applicant describing the specific laws and regulations that are waived or suspended as part of participation in the 197 198 sandbox program. Notwithstanding any other provision of 199 this section to the contrary, the regulatory relief office 200 shall not enter into a written agreement with an applicant 201 that exempts the applicant from any income, property, or 202 sales tax liability unless such applicant otherwise qualifies for an exemption from such tax. 203

204 11. The sandbox program director may deny at his (1)205 or her sole discretion any application submitted under this 206 section for any reason, including if the sandbox program 207 director determines that the preponderance of evidence demonstrates that suspending or waiving enforcement of a law 208 or regulation would cause significant risk of harm to 209 consumers or residents of the state. 210

(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.

228 The sandbox program director shall deny an (5) 229 application for participation in the sandbox program if the 230 applicant or any person who seeks to participate with the 231 applicant in demonstrating an innovative offering has been 232 convicted, entered into a plea of nolo contendere, or 233 entered a plea of quilty or nolo contendere held in 234 abeyance, for any crime involving significant theft, fraud, or dishonesty if the crime bears a significant relationship 235 236 to the applicant's or other participant's ability to safely 237 and competently participate in the sandbox program.

238 12. When an applicant is approved for participation in
239 the sandbox program, the sandbox program director shall
240 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.

An innovative offering that is demonstrated within
the sandbox program shall only be available to consumers who

9 are residents of Missouri or of another state. No law or 10 regulation shall be waived or suspended if waiving or 11 suspending such law or regulation would prevent a consumer 12 from seeking restitution in the event that the consumer is 13 harmed.

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. A sandbox participant shall be deemed to possess an appropriate license or other authorization under the laws of this state for the purposes of any provision of federal law requiring licensure or other authorization by the state.

5. (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.

6. 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.

By written notice, the regulatory relief office may 44 7. 45 end a sandbox participant's participation in the sandbox 46 program at any time and for any reason, including if the 47 sandbox program director determines that a sandbox participant is not operating in good faith to bring an 48 49 innovative offering to market; provided, however, that the 50 sandbox program director's decision may be overridden by an 51 affirmative vote of a two-thirds majority of the members of the advisory committee. 52

8. 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:

57 (1) Denying an applicant's application to participate 58 in the sandbox program for any reason; or

59 (2) Ending a sandbox participant's participation in
 60 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:

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

6 (2) A statement that the innovative offering is 7 authorized pursuant to the sandbox program and, if 8 applicable, that the sandbox participant does not have a 9 license or other authorization to provide an innovative 10 offering under state laws that regulate offerings outside of 11 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;

30 (8) The expected end date of the demonstration period;
 31 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.

37 2. The disclosures required by subsection 1 of this 38 section shall be provided to a consumer in a clear and 39 conspicuous form and, for an internet- or application-based 40 innovative offering, a consumer shall acknowledge receipt of 41 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:

4 (1) Notify the regulatory relief office that the 5 sandbox participant will exit the sandbox program and 6 discontinue the sandbox participant's demonstration after 7 the day on which the twenty-four-month demonstration period 8 ends; or

9 (2) Seek an extension pursuant to subsection 4 of this
 10 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 twentyfour-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.

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

36 Notwithstanding the provisions of subsection 3 of (5) 37 this section to the contrary, if a sandbox participant is granted an extension pursuant to this subsection beyond the 38 twenty-four-month demonstration period, the demonstration 39 shall not be subject to enforcement of the laws or 40 regulations that were waived or suspended as part of the 41 42 sandbox program until the end of the extended demonstration 43 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.

49 (2) The regulatory relief office may request relevant 50 records, documents, and data from a sandbox participant, 51 and, upon the regulatory relief office's request, the 52 sandbox participant shall make such records, documents, and 53 data available for inspection by the regulatory relief 54 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. The sandbox participant shall notify the 65 (1) 66 regulatory relief office and each applicable agency of any 67 incidents that result in harm to the health, safety, or 68 financial well-being of a consumer. The parameters for such incidents that shall be reported shall be laid out in the 69 70 written agreement between the applicant and the regulatory relief office. Any incident reports shall be publicly 71 72 available on the regulatory sandbox webpage provided, 73 however, that any information contained in such reports that 74 constitutes proprietary or confidential trade secrets shall 75 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.

No later than thirty days after the day on which a 83 9. 84 sandbox participant exits the sandbox program, the sandbox participant shall submit a written report to the regulatory 85 relief office and each applicable agency describing an 86 overview of the sandbox participant's demonstration. 87 88 Failure to submit such a report shall result in the sandbox 89 participant and any entity that later employs a member of 90 the leadership team of the sandbox participant being

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91 prohibited from future participation in the sandbox92 program. Such report shall include any:

(1) Incidents of harm to consumers;

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

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

Any incident reports of harm to consumers, legal actions 98 99 filed against a sandbox participant, or complaints filed 100 with an applicable agency shall be compiled and made publicly available on the regulatory sandbox webpage 101 102 provided, however, that any information contained in such 103 reports or complaints that constitutes proprietary or 104 confidential trade secrets shall not be subject to 105 disclosure pursuant to chapter 610.

106 10. No later than thirty days after the day on which 107 an applicable agency receives the quarterly report required 108 by subsection 7 of this section or a written report from a 109 sandbox participant as required by subsection 9 of this section, the applicable agency shall provide a written 110 111 report to the regulatory relief office on the demonstration, which describes any statutory or regulatory reform the 112 113 applicable agency recommends as a result of the 114 demonstration.

115 11. The regulatory relief office may remove a sandbox 116 participant from the sandbox program at any time if the 117 regulatory relief office determines that a sandbox 118 participant has engaged in, is engaging in, or is about to 119 engage in any practice or transaction that is in violation 120 of sections 620.3900 to 620.3930 or that constitutes a 121 violation of a law or regulation for which suspension or

122 waiver has not been granted pursuant to the sandbox 123 program. Information on any removal of a sandbox 124 participant for engaging in any practice or transaction that 125 constitutes a violation of law or regulation for which 126 suspension or waiver has not been granted pursuant to the 127 sandbox program shall be made publicly available on the 128 regulatory sandbox webpage, provided, however, that any 129 information that constitutes proprietary or confidential 130 trade secrets shall not be subject to disclosure pursuant to 131 chapter 610.

[536.303. 1. For any proposed rules that 2 affect small business, the agency shall also 3 submit a small business statement to the board 4 after a public hearing is held. This section 5 shall not apply to emergency rules. The small 6 business statement required by this section 7 shall provide the following information: 8 (1) A description of how the opinions or 9 comments from affected small businesses were 10 solicited; 11 (2) A summary of the public and small 12 business comments; 13 A summary of the agency's response to (3) 14 those comments; and 15 The number of persons who attended the (4) 16 public hearing, testified at the hearing, and 17 submitted written comments. 18 If a request to change the proposed 2. rule was made at the hearing in a way that 19 20 affected small business, a statement of the 21 reasons for adopting the proposed rule without 22 the requested change shall be included in the 23 small business statement.] [536.305. 1. There is hereby established 2 the "Small Business Regulatory Fairness Board". 3 The department of economic development shall 4 provide staff support for the board. 5 2. The board shall be composed of nine 6 members appointed in the following manner: 7 (1)One member who is the chair of the minority business advocacy commission; 8 9 (2) One member appointed by the president 10 pro tempore of the senate; (3) One member appointed by the minority 11 12 leader of the senate; (4) One member appointed by the speaker of 13 14 the house of representatives;

| 15 | (5) One member appointed by the minority |
|------------|--|
| 16 | leader of the house of representatives; and |
| 17 | (6) Four members appointed by the governor. |
| 18 | 3. Each member of the board, except for |
| | |
| 19 | the public members and the chair of the minority |
| 20 | business advocacy commission, shall be a current |
| 21 | or former owner or officer of a small business. |
| 22 | All members of the board shall represent a |
| 23 | variety of small businesses, both rural and |
| 24 | urban, and be from a variety of geographical |
| 25 | areas of this state, provided that no more than |
| 26 | two members shall represent the same type of |
| 27 | small business. |
| 28 | 4. Members of the board shall serve a term |
| 29 | of three years and may be reappointed at the |
| 30 | conclusion of the term. No member shall serve |
| 31 | more than three consecutive terms. Appointments |
| 32 | shall be made so that one-third of the |
| 33 | membership of the board shall terminate each |
| 33 34 | |
| | year. The governor shall appoint the initial |
| 35 | chairperson of the board and a majority of the |
| 36 | board shall elect subsequent chairpersons. The |
| 37 | chairperson shall serve as chair for a term of |
| 38 | not more than two years. |
| 39 | 5. Members of the board shall serve |
| 40 | without compensation, but may be reimbursed for |
| 41 | reasonable and necessary expenses relating to |
| 42 | their performance of duties, according to the |
| 43 | rules and regulations of travel issued by the |
| 44 | office of administration. Members will be |
| 45 | required to submit an expense account form in |
| 46 | order to obtain reimbursement for expenses |
| 47 | incurred. |
| 48 | 6. The board shall meet as often as |
| 49 | necessary, as determined by the chairperson of |
| 50 | the board. All meetings of the board will be |
| 51 | conducted in accordance with the governmental |
| 52 | bodies and records act, chapter 610, including |
| 53 | |
| | closed sessions. Notice will be posted and will |
| 54 | be provided to the joint committee on |
| 55 | administrative rules. Minutes of the meetings |
| 56 | shall be provided to all members, the office of |
| 57 | the governor, and the joint committee on |
| 58 | administrative rules. |
| 59 | 7. In addition to any other powers |
| 60 | provided by sections 536.300 to 536.328, the |
| 61 | board may adopt any rules necessary to implement |
| 62 | sections 536.300 to 536.328 and take any action |
| 63 | necessary to effectuate the purposes of sections |
| 64 | 536.300 to 536.328. Any rule or portion of a |
| 65 | rule, as that term is defined in section |
| 66 | 536.010, that is created under the authority |
| 67 | delegated in this section shall become effective |
| 68 | only if it complies with and is subject to all |
| 69 | of the provisions of this chapter and, if |
| 70 | applicable, section 536.028. This section and |
| 70 | this chapter are nonseverable and if any of the |
| , <u> </u> | ente enapeer are nonseverasre ana ir any or the |

powers vested with the general assembly pursuant 72 73 to this chapter to review, to delay the 74 effective date, or to disapprove and annul a 75 rule are subsequently held unconstitutional, 76 then the grant of rulemaking authority and any 77 rule proposed or adopted after August 28, 2005, 78 shall be invalid and void.] The board shall: [536.310. 1. 2 (1) Provide state agencies with input regarding rules that adversely affect small 3 4 businesses; 5 Solicit input and conduct hearings (2) 6 from small business owners and state agencies 7 regarding any rules proposed by a state agency; 8 and 9 Provide an evaluation report to the (3) 10 governor and the general assembly, including any recommendations and evaluations of state 11 12 agencies regarding regulatory fairness for 13 Missouri's small businesses. The report shall 14 include comments from small businesses, state 15 agency responses, and a summary of any public 16 testimony on rules brought before the board for 17 consideration. 18 2. In any inquiry conducted by the board 19 because of a request from a small business 20 owner, the board may make recommendations to the 21 state agency. If the board makes recommendations, such recommendations shall be 22 23 based on any of the following grounds: 24 (1)The rule creates an undue barrier to 25 the formation, operation, and expansion of small 26 businesses in a manner that significantly 27 outweighs the rule's benefits to the public; or 28 (2) New or significant economic 29 information indicates the proposed rule would 30 create an undue impact on small businesses; or 31 Technology, economic conditions, or (3) 32 other relevant factors justifying the purpose 33 for the rule has changed or no longer exists; or 34 (4) If the rule was adopted after August 35 28, 2004, whether the actual effect on small businesses was not reflected in or significantly 36 exceeded the small business impact statement 37 38 submitted prior to the adoption of the rules. 39 3. Subject to appropriations, by a 40 majority vote of the board, the board may hire a 41 one-half full-time equivalent employee for clerical support and a full-time equivalent 42 43 employee with total salaries funded from the 44 department of economic development 45 appropriations up to one hundred fifty thousand 46 dollars adjusted annually for inflation for 47 professional positions to: (1) Conduct internet website additions, 48 corrections, and deletions; 49

50 (2)Develop training programs for agencies; 51 (3) Send regulatory alerts to interested 52 small business subscribers; 53 (4) Track small business comments 54 regarding agencies and review and respond to the 55 agency and small business accordingly; 56 (5) Prepare for board meetings and 57 hearings, including outreach, travel, agendas, 58 and minutes; 59 (6) Prepare member maintenance expense 60 reports and appointments; (7) Analyze small business impact 61 62 statements. After such analysis, the employee 63 shall review such statements, offer suggestions, 64 and work with agencies to meet the statute 65 requirements; Analyze biannual report reviews; 66 (8)67 (9) Conduct agency correspondence and 68 training; 69 Conduct small business outreach by (10)70 speaking at chamber and association events; 71 (11) Review the Missouri Register and 72 other sources to look for proposed rules that 73 may affect small business. 74 Subject to appropriations, the board 4. 75 may receive additional funds for: 76 (1)Upkeep of its internet website; 77 (2)Information technology; Mileage for board members; 78 (3) (4) Publication, printing, and distribution of annual reports; (4) 79 80 81 (5) Outreach costs; and 82 Expenses and equipment for the one and (6)83 one-half full-time equivalent employee of the 84 board. 85 A majority vote of the board members 5. shall be required for the hiring, retention, and 86 87 termination of board employees. All duties of 88 board employees shall be dedicated solely to the 89 support of and for the furtherance of the 90 purpose and mission of the board.] [536.315. Any state agency receiving 2 recommendations from the board shall promptly 3 consider such recommendations and may file a 4 response with the board within sixty days of 5 receiving the board's recommendations. If the 6 state agency determines that no action shall be 7 taken on the board's recommendations, the agency should explain its reasons for its 8 determination. If the state agency determines 9 10 that the board's recommendations merit adoption, 11 amendment or repeal of a rule, the agency should 12 indicate this in its response.] [536.323. 1. In addition to the basis for 2 filing a petition provided in section 536.041, 3 any affected small business may file a written

petition with the agency that has adopted rules 4 5 objecting to all or part of any rule affecting small business on any of the following grounds: 6 7 The actual effect on small business (1)8 was not reflected in or significantly exceeded 9 the small business impact statement submitted 10 prior to the adoption of the rules; The small business impact statement 11 (2) did not consider new or significant economic 12 13 information that reveals an undue impact on 14 small business; or 15 (3) The impacts were not previously 16 considered at the public hearing on the rules. 17 2. For any rule adopted prior to August 18 28, 2005, an affected small business may file a 19 written petition with the agency that adopted 20 the rule objecting to all or part of any rule 21 affecting small business on any of the following 22 grounds: 23 (1)The rule creates an undue barrier to 24 the formation, operation, and expansion of small 25 businesses in a manner that significantly 26 outweighs the rule's benefit to the public; 27 (2) The rule duplicates, overlaps, or 28 conflicts with rules adopted by the agency or 29 any other agency or violates the substantive 30 authority under which the rule was adopted; or 31 (3) The technology, economic conditions, or other relevant factors justifying the purpose 32 for the rule has changed or no longer exist. 3. Upon submission of the petition, the 33 34 35 agency shall forward a copy of the petition to 36 the board and the joint committee on 37 administrative rules, as required by section 536.041, as notification of a petition filed 38 39 under sections 536.300 to 536.328. The agency 40 shall promptly consider the petition and may 41 seek advice and counsel regarding the petition. 42 Within sixty days after the receipt of the 43 petition, the agency shall determine whether the 44 impact statement or public hearing addressed the 45 actual and significant impact on small business. The agency shall submit a written 46 response of the agency's determination to the 47 48 board within sixty days of the receipt of the 49 petition. If the agency determines that the 50 petition merits the adoption, amendment, or 51 repeal of a rule, it may initiate proceedings in 52 accordance with the applicable requirements of 53 this chapter. 54 4. If the agency determines that the 55 petition does not merit the adoption, amendment, 56 or repeal of a rule, any affected small business may seek a review of the decision by the board. 57 58 The board may convene a hearing or by other means solicit testimony that will assist in its 59 determination of whether to recommend that the 60

agency initiate proceedings in accordance with 61 this chapter. For rules adopted after August 62 28, 2005, the board shall base its 63 64 recommendations on any of the following reasons: 65 The actual effect on small business (1)66 was not reflected in or significantly exceeded 67 the impact statement submitted prior to the adoption of the rule; 68 The impact statement did not consider 69 (2) 70 new or significant economic information that 71 reveals an undue impact on small business; 72 (3) Such impacts were not previously 73 considered by the agency; or 74 (4) Such impacts were not previously 75 considered at the public hearing on the rules. 76 5. For rules adopted prior to August 28, 2005, the board shall base its recommendations 77 78 on any of the following reasons: 79 (1) The rules created an undue barrier to 80 the formation, operation, and expansion of small 81 businesses in a manner that significantly 82 outweighs its benefit to the public; 83 (2) The rules duplicate, overlap, or conflict with rules adopted by the agency or any 84 85 other agency or violate the substantive 86 authority under which the rules were adopted; or 87 (3)The technology, economic conditions, or other relevant factors justifying the purpose 88 89 for the rules have changed or no longer exist. 90 The board shall make an evaluation 6. 91 report to the governor and the general assembly 92 on rulemaking proceedings, comments from small 93 business, and agency response as provided in 94 this section. The governor or general assembly 95 may subsequently take such action in response to 96 the evaluation report and agency response as 97 they find appropriate.] **[**536.325. 1. The board shall provide to 2 the head of each agency a list of any rules 3 adopted by the agency that affect small business 4 and have generated complaints or concerns, 5 including any rules that the board determines 6 may duplicate, overlap, or conflict with other 7 rules or exceed statutory authority. Within 8 forty-five days after being notified by the 9 board the list of rules adopted, the agency 10 shall submit a written report to the board in 11 response to the complaints or concerns. The agency shall also state whether the agency has 12 13 considered the continued need for the rules and the degree to which technology, economic 14 conditions, and other relevant factors may have 15 16 diminished or eliminated the need for 17 maintaining the rules. The board may solicit testimony from 18 2. the public at a public meeting regarding any 19

report submitted by the agency under this 20 section or section 536.175. The board shall 21 22 electronically submit an evaluation report to 23 the governor and the general assembly regarding 24 small business comments, agency response, and 25 public testimony on rules in this section and 26 the report shall be maintained on the board's 27 website. The governor and the general assembly 28 may take such action in response to the report as they find appropriate.] 29

[536.328. For any regulation subject to 2 sections 536.300 to 536.328, a small business 3 that is adversely affected or aggrieved by final agency action is entitled to judicial review of 4 agency compliance with the requirements of 5 sections 536.300 to 536.328. Judicial review 6 shall be commenced in the circuit court of the 7 county in which the small business has its 8 9 primary place of business, or in Cole County. 10 If the small business does not have a primary place of business in the state, proper venue 11 shall be in Cole County. Notwithstanding any 12 provisions of this chapter to the contrary, an 13 14 affected small business may seek such judicial 15 review during the period beginning on the date 16 the proposed rule becomes final and ending one 17 year later.]

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