#### SECOND REGULAR SESSION

### [PERFECTED]

### SENATE SUBSTITUTE FOR

# SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILLS NOS. 894 & 825

### 102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR FITZWATER.

3490S.04P

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,

- 2 536.315, 536.323, 536.325, and 536.328, RSMo, are repealed and
- 3 ten new sections enacted in lieu thereof, to be known as
- 4 sections 34.195, 536.300, 620.3800, 620.3900, 620.3905,
- 5 620.3910, 620.3915, 620.3920, 620.3925, and 620.3930, to read
- 6 as follows:
  - 34.195. 1. This section shall be known and may be
- 2 cited as the "Right-to-Start Act".
- 3 2. No later than June 30, 2026, and annually
- 4 thereafter, the commissioner of administration shall file a
- 5 report with the general assembly that includes, but is not
- 6 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

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

- three years compared to the total number of contracts awarded;
- 13 (3) The total dollar amount of all contracts awarded 14 to businesses that have been in operation for less than 15 three years;
- 16 (4) The percentage of the total dollar amount of
  17 contracts awarded to businesses that have been in operation
  18 for less than three years compared to the total dollar
  19 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, womenowned 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

- 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.
- 13 2. If the proposed rules affect small businesses, the
- 14 state agency shall consider creative, innovative, or
- 15 flexible methods of compliance for small business and
- 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
- 19 the proposed rules and the small business impact statement
- shall also be filed with the board on the same date as they
- 21 are filed with the secretary of state.] Such business
- 22 impact statement and proposed rules shall be submitted to
- 23 the board prior to providing notice for a public hearing.
- 24 The statement shall provide a reasonable determination of
- 25 the following:
- 26 (1) The methods the agency considered or used to
- 27 reduce the impact on small businesses such as consolidation,
- 28 simplification, differing compliance, or reporting
- 29 requirements, less stringent deadlines, performance rather
- 30 than design standards, exemption, or any other mitigating
- 31 techniques;
- 32 (2) How the agency involved small businesses in the
- 33 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
- 43 agency has filed a fiscal note that complies with all of the 44 provisions of section 536.205;
- 45 (5) In dollar amounts, the increase in the level of
  46 direct costs, such as fees or administrative penalties, and
  47 indirect costs, such as reporting, record keeping,
  48 equipment, construction, labor, professional services,
  49 revenue loss, or other costs associated with compliance if
  50 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;
- 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.
- 61 3. Any proposed rule that is required to have a small business impact statement but does not include such a 62 63 statement shall be invalid and the secretary of state should not publish the rule until such time as the statement is 64 provided. If the state agency determines that its proposed 65 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 smallbusinesses and the secretary of state shall publish the rule.
- 71 4. [Sections 536.300 to 536.310] This section and
- 72 section 536.020 shall not apply where the proposed rule is
- 73 being promulgated on an emergency basis, where the rule is
- 74 federally mandated, or where the rule substantially codifies
- 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
- 81 comply with these acts shall be subject to this section.
  - 620.3800. There is hereby created within the
- 2 department of economic development the "Office of
- 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
- 7 minority groups, as such term is defined in section 37.013,
- 8 and women and veteran entrepreneurship, in the state. The
- 9 office shall work with Missouri stakeholders and
- 10 communities, including minority communities, to provide
- 11 information and technical support to entrepreneurs. The
- office shall support and advise the office of administration
- 13 with preparing the report pursuant to subsection 3 of
- 14 section 34.195.
  - 620.3900. 1. Sections 620.3900 to 620.3930 shall be
- 2 known and may be cited as the "Regulatory Sandbox Act".
- For the purposes of sections 620.3900 to 620.3930,
- 4 the following terms shall mean:

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- 5 (1) "Advisory committee", the general regulatory 6 sandbox program advisory committee created in section 7 620.3910;
- "Applicable agency", a department or agency of the (2) 8 state that by law regulates a business activity and persons 9 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 the business activity that is subject to the sandbox program 15 "Applicable agency" shall not include the 16 application. 17 division of professional registration and its boards,
- 19 (3) "Applicant" or "sandbox applicant", a person or 20 business that applies to participate in the sandbox program;

commissions, committees, and offices;

- 21 (4) "Consumer", a person who purchases or otherwise 22 enters into a transaction or agreement to receive a product 23 or service offered through the sandbox program pursuant to a 24 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;
- 28 (6) "Department", the department of economic 29 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;
- (8) "Innovative offering", an offering of a product or service that includes an innovation;
- 36 (9) "Product", a commercially distributed good that is:

- 37 (a) Tangible personal property; and
- 38 (b) The result of a production process;
- 39 (10) "Production", the method or process of creating
- 40 or obtaining a good, which may include assembling, breeding,
- 41 capturing, collecting, extracting, fabricating, farming,
- 42 fishing, gathering, growing, harvesting, hunting,
- 43 manufacturing, mining, processing, raising, or trapping a
- 44 good;
- 45 (11) "Regulatory relief office", the office
- 46 responsible for administering the sandbox program within the
- 47 department;
- 48 (12) "Sandbox participant" or "participant", a person
- 49 or business whose application to participate in the sandbox
- 50 program is approved in accordance with the provisions of
- 51 **section 620.3915**;
- 52 (13) "Sandbox program", the general regulatory sandbox
- 53 program created in sections 620.3900 to 620.3930 that allows
- 54 a person to temporarily demonstrate an innovative offering
- of a product or service under a waiver or suspension of one
- or more state regulations;
- 57 (14) "Sandbox program director", the director of the
- 58 regulatory relief office;
- 59 (15) "Service", any commercial activity, duty, or
- 60 labor performed for another person or business. "Service"
- 61 shall not include a product or service when its use would
- 62 impact rates, statutorily authorized service areas, or
- 63 system safety or reliability of an electrical corporation or
- 64 gas corporation, as defined in section 386.020, as
- 65 determined by the public service commission, or of any rural
- 66 electric cooperative organized or operating under the
- 67 provisions of chapter 394, or to any corporation organized
- 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
- 71 described in subsection 2 of section 393.110, or of any
- 72 municipally owned utility organized or operating under the
- 73 provisions of chapter 91, or of any joint municipal utility
- 74 commission organized or operating under the provisions of
- 75 **sections 393.700 to 393.770**.
  - 620.3905. 1. There is hereby created within the
- 2 department of economic development the "Regulatory Relief
- 3 Office", which shall be administered by the sandbox program
- 4 director. The sandbox program director shall report to the
- 5 director of the department and may appoint staff, subject to
- 6 the approval of the director of the department.
- 7 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 regulations that could potentially be waived
- or suspended under the sandbox program;
- 14 (3) Consult with each applicable agency; and
- 15 (4) Establish a program to enable a person to obtain
- 16 monitored access to the market in the state along with legal
- 17 protections for a product or service related to the
- 18 regulations that are being waived as a part of participation
- 19 in the sandbox program, in order to demonstrate an
- 20 innovative product or service without obtaining a license or
- 21 other authorization that might otherwise be required.
- 3. The regulatory relief office shall:
- 23 (1) Review state laws and regulations that may
- 24 unnecessarily inhibit the creation and success of new
- 25 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 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

- 58 536 to review, to delay the effective date, or to disapprove 59 and annul a rule are subsequently held unconstitutional, 60 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.
- 73 (3) In creating the report described in subdivision 74 (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:

- 89 (a) Information regarding each participant in the 90 sandbox program, including industries represented by each 91 participant and the anticipated or actual cost savings that 92 each participant experienced;
- 93 (b) The anticipated or actual benefit to consumers 94 created by each demonstration in the sandbox program;
- 95 (c) Recommendations regarding any laws or regulations 96 that should be permanently modified or repealed;
- 97 (d) Information regarding any health and safety events 98 related to the activities of a participant in the sandbox 99 program;
- 100 (e) Recommendations for changes to the sandbox program
  101 or other duties of the regulatory relief office;
- 102 (f) Concerns raised by consumers and stakeholders
  103 regarding demonstrations; and
- 104 (g) Harms and benefits to the state as a result of 105 current demonstrations.
- 106 (2) The department may provide an interim report from
  107 the sandbox program director to the governor and general
  108 assembly on specific, time-sensitive issues for the
  109 functioning of the sandbox program, for the health and
  110 safety of consumers and protection of Missouri's
  111 environment, for the success of participants in the program,
  112 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;

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- 9 (3) The attorney general or his or her designee;
- 10 (4) Two members of the public to be appointed by the 11 governor;
- 12 (5) A member of the public or of an institution of 13 higher education, to be appointed by the governor;
- 14 (6) A member of an institution of higher education, to
  15 be appointed by the director of the department of higher
  16 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
- 21 (8) Two members of the senate, one to be appointed by 22 the president pro tempore of the senate and one to be 23 appointed by the minority leader of the senate.
- (1) Advisory committee members shall be appointed 24 2. 25 to a four-year term. Members who cease holding elective office shall be replaced by the speaker or minority leader 26 of the house of representatives or the president pro tempore 27 or minority floor leader of the senate, as applicable. 28 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.
  - 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.
- 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

- 73 shall be allowed to attend meetings remotely. The advisory
- 74 committee shall provide the public the ability to view any
- 75 **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;
- 11 (3) Contains relevant personal and contact information
- 12 for the applicant, including legal names, addresses,
- 13 telephone numbers, email addresses, website addresses, and
- 14 other information required by the regulatory relief office;
- 15 (4) Discloses criminal convictions of the applicant or
- other participating personnel, if any; and
- 17 (5) Contains a description of the innovative offering
- 18 to be demonstrated, including statements regarding:
- 19 (a) How the innovative offering is subject to
- 20 licensing, legal prohibition, or other authorization
- 21 requirements outside of the sandbox program;
- 22 (b) Each regulation that the applicant seeks to have
- 23 waived or suspended while participating in the sandbox
- 24 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;

- 29 (e) The risks that might exist for consumers who use 30 or purchase the innovative offering;
- 31 (f) How participating in the sandbox program would 32 enable a successful demonstration of the innovative offering 33 of an innovative product or service;
- 34 (g) A description of the proposed demonstration plan, 35 including estimated time periods for beginning and ending 36 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;
- 43 (j) A list of each applicable agency, if any, that the 44 applicant knows regulates the applicant's business; and
- 45 (k) Any other required information as determined by 46 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

- 60 assistance to an applicant in preparing an application for 61 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
- (b) Seek additional information from the applicant 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:
- 72 (a) Review the application and refer the application 73 to each applicable agency that regulates the applicant's 74 business; and
- 75 (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
- 79 for review.
- 80 (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:
- 85 (a) Describe any identifiable, likely, and significant
  86 harm to the health, safety, or financial well-being of
  87 consumers or Missouri's environment that the relevant
  88 regulation protects against; and
- 89 (b) Make a recommendation to the regulatory relief 90 office that the applicant either be admitted or denied 91 entrance into the sandbox program.

- 92 An applicable agency may request an additional ten business days to deliver the written report required by 93 subdivision (3) of this subsection by providing notice to 94 the sandbox program director, which request shall 95 automatically be granted. An applicable agency may request 96 97 only one extension per application. The sandbox program director may also provide an additional extension to the 98 99 applicable agency for cause.
- If an applicable agency recommends an applicant 100 (5) 101 under this section be denied entrance into the sandbox 102 program, the written report required by subdivision (3) of this subsection shall include a description of the reasons 103 for such recommendation, including the reason a temporary 104 105 waiver or suspension of the relevant regulations would potentially significantly harm the health, safety, or 107 financial well-being of consumers or the public or 108 Missouri's environment and the assessed likelihood of such harm occurring.
- If an applicable agency determines that the 110 consumer's or public's health, safety, or financial well-111 112 being can be protected through less restrictive means than the existing relevant laws or regulations, the applicable 113 114 agency shall provide a recommendation of how that can be 115 achieved.
- If an applicable agency fails to deliver the 116 (7) written report required by subdivision (3) of this 117 subsection, the sandbox program director shall provide a 118 119 final notice to the applicable agency for delivery of the 120 written report. If the report is not delivered within five 121 days of such final notice, the sandbox program director 122 shall assume that the applicable agency does not object to 123 the temporary waiver or suspension of the relevant

- regulations for an applicant seeking to participate in the sandbox program.
- 126 6. (1) Notwithstanding any provision of this section 127 to the contrary, an applicable agency may, by written notice 128 to the regulatory relief office:
- 129 Reject an application, provided such rejection occurs within forty-five days after the day on which the 130 131 applicable agency receives a complete application for 132 review, or within fifty days if an extension has been 133 requested by the applicable agency, if the applicable agency 134 determines, in the applicable agency's sole discretion, that the applicant's offering fails to comply with standards or 135 specifications: 136
  - a. Required by federal rule or regulation;
- b. Previously approved for use by a federal agency; or
- 139 c. In which the rule or regulation is supported by way 140 of federal funding; or
- 141 (b) Reject an application preliminarily approved by 142 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.
- 153 (2) If any applicable agency rejects an application on 154 a nonpreliminary basis pursuant to subdivision (1) of this

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- 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.
- 161 (2) The sandbox program director may call the advisory
  162 committee to meet as needed, but not less than once per
  163 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.
- 169 (4) As part of the advisory committee's review of each 170 report, the advisory committee shall use criteria used by 171 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 and giving consideration to whether:
- 177 (1) The applicable agency has previously issued a
  178 license or other authorization to the applicant; and
- 179 (2) The applicable agency has previously investigated, 180 sanctioned, or pursued legal action against the applicant 181 and the reasons for such actions.
- 9. In reviewing an application under this section, the regulatory relief office and applicable agencies shall consider whether:
- 185 (1) A competitor to the applicant is or has been a 186 sandbox participant and, if so, weigh that as a factor in

- favor of allowing the applicant to also become a sandbox participant;
- 189 (2) The applicant's plan will adequately protect
  190 consumers from potential harm identified by an applicable
  191 agency in the applicable agency's written report;
- 192 (3) The risk of harm to consumers is outweighed by the 193 potential benefits to consumers from the applicant's 194 participation in the sandbox program; and
  - (4) Certain state 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 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 regulation would cause significant risk of harm to consumers or residents of the state.
- 217 (2) If the sandbox program director denies an 218 application submitted under this section, the regulatory

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- relief office shall provide to the applicant a written
  description of the reasons for not allowing the applicant to
  become a sandbox participant.
- 222 (3) The denial of an application submitted under this 223 section shall not be subject to judicial or administrative 224 review.
- The acceptance or denial of an application 225 (4) 226 submitted under this section may be overridden by an 227 affirmative vote of a two-thirds majority of the advisory 228 committee at the discretion of the advisory committee, 229 provided such vote shall take place within fifteen business days of the sandbox program director's decision. 230 Notwithstanding any other provision of this section to the 231 232 contrary, the advisory committee shall not override a

rejection made by an applicable agency.

- The sandbox program director shall deny an 234 (5) 235 application for participation in the sandbox program if the applicant or any person who seeks to participate with the 236 applicant in demonstrating an innovative offering has been 237 238 convicted, entered into a plea of nolo contendere, or 239 entered a plea of guilty or nolo contendere held in abeyance, for any crime involving significant theft, fraud, 240 241 or dishonesty if the crime bears a significant relationship 242 to the applicant's or other participant's ability to safely 243 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
  - 3 participant shall have twenty-four months after the day on
  - 4 which the application was approved to demonstrate the
  - 5 innovative offering described in the sandbox participant's
  - 6 application.
  - 7 2. An innovative offering that is demonstrated within
  - 8 the sandbox program shall only be available to consumers who
  - 9 are residents of Missouri or of another state. No
- 10 regulation shall be waived or suspended if waiving or
- 11 suspending such regulation would prevent a consumer from
- 12 seeking restitution in the event that the consumer is harmed.
- 13 3. Nothing in sections 620.3900 to 620.3930 shall
- 14 restrict a sandbox participant that holds a license or other
- 15 authorization in another jurisdiction from acting in that
- 16 jurisdiction in accordance with such license or other
- 17 authorization.
- 18 4. (1) During the demonstration period, a sandbox
- 19 participant shall not be subject to the enforcement of state
- 20 regulations identified in the written agreement between the
- 21 regulatory relief office and the sandbox participant.
- 22 (2) A prosecutor shall not file or pursue charges for
- 23 failing to comply with the regulation identified in the
- 24 written agreement between the regulatory relief office and
- 25 the sandbox participant that occurs during an approved
- demonstration period.
- 27 (3) A state agency shall not file or pursue any
- 28 punitive action against a sandbox participant, including a
- 29 fine or license suspension or revocation, for the violation
- 30 of a regulation that is identified as being waived or

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- 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.
  - 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:
- 51 (1) Denying an applicant's application to participate 52 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:
- 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;
- 12 (3) A statement that specific regulations have been 13 waived for the sandbox participant for the duration of its 14 demonstration in the sandbox program, with a summary of such 15 waived regulations;
- 16 (4) A statement that the innovative offering is
  17 undergoing testing and may not function as intended and may
  18 expose the consumer to certain risks as identified by the
  19 applicable agency's written report;
- 20 (5) A statement that the provider of the innovative 21 offering is not immune from civil liability for any losses 22 or damages caused by the innovative offering;
- 23 (6) A statement that the provider of the innovative 24 offering is not immune from criminal prosecution for 25 violations of state regulations that are not suspended or 26 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
- 32 (9) A statement that a consumer may contact the 33 regulatory relief office and file a complaint regarding the 34 innovative offering being demonstrated, providing the 35 regulatory relief office's telephone number, email address, 36 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

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- 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:
- 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 twentyfour-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 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.
- 25 (2) The regulatory relief office shall grant or deny a 26 request for an extension by the end of the twenty-four-month 27 demonstration period.

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- 28 (3) The regulatory relief office may grant an 29 extension for not more than twelve months after the end of 30 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.
- 36 (5) Notwithstanding the provisions of subsection 3 of 37 this section to the contrary, if a sandbox participant is 38 granted an extension pursuant to this subsection beyond the 39 twenty-four-month demonstration period, the demonstration 40 shall not be subject to enforcement of the regulations that 41 were waived or suspended as part of the sandbox program 42 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.
- 48 (2) The regulatory relief office may request relevant 49 records, documents, and data from a sandbox participant, 50 and, upon the regulatory relief office's request, the 51 sandbox participant shall make such records, documents, and 52 data available for inspection by the regulatory relief 53 office.
- (3) The failure to timely provide the records, documents, and data required in this subsection shall result in removal from the program.
- 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

complaints.

- 60 relief office and each applicable agency and report on 61 actions taken by the sandbox participant to ensure consumers
- 62 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
- 8. 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.
- 72 Failure to submit such a report shall result in the sandbox
- 73 participant and any entity that later employs a member of
- 74 the leadership team of the sandbox participant being
- 75 prohibited from future participation in the sandbox
- 76 program. Such report shall include any:
- 77 (1) Incidents of harm to consumers;
- 78 (2) Legal action filed against the sandbox participant
  79 as a result of the participant's demonstration; or
- 80 (3) Complaint filed with an applicable agency as a 81 result of the sandbox participant's demonstration.
- 82 Any incident reports of harm to consumers, legal actions
- 83 filed against a sandbox participant, or complaints filed
- 84 with an applicable agency shall be compiled and made
- 85 publicly available on the regulatory sandbox webpage
- 86 provided, however, that any information contained in such
- 87 reports or complaints that constitutes proprietary or
- 88 confidential trade secrets shall not be subject to
- 89 disclosure pursuant to chapter 610.

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- No later than thirty days after the day on which an 90 applicable agency receives the quarterly report required by 91 subsection 7 of this section or a written report from a 92 93 sandbox participant as required by subsection 9 of this section, the applicable agency shall provide a written 94 95 report to the regulatory relief office on the demonstration, which describes any statutory or regulatory reform the 96 97 applicable agency recommends as a result of the 98 demonstration.
- 99 The regulatory relief office may remove a sandbox participant from the sandbox program at any time if the 100 regulatory relief office determines that a sandbox 101 participant has engaged in, is engaging in, or is about to 102 103 engage in any practice or transaction that is in violation 104 of sections 620.3900 to 620.3930 or that constitutes a 105 violation of a law or regulation for which suspension or 106 waiver has not been granted pursuant to the sandbox Information on any removal of a sandbox 107 program. participant for engaging in any practice or transaction that 108 109 constitutes a violation of law or regulation for which 110 suspension or waiver has not been granted pursuant to the sandbox program shall be made publicly available on the 111 regulatory sandbox webpage, provided, however, that any 112 113 information that constitutes proprietary or confidential 114 trade secrets shall not be subject to disclosure pursuant to 115 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:

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	(3) A summary of the agency's response to
14	those comments; and
15	(4) The number of persons who attended the
16	public hearing, testified at the hearing, and
17	submitted written comments.
18	2. If a request to change the proposed
19	rule was made at the hearing in a way that
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
8	minority business advocacy commission;
9	(2) One member appointed by the president
10	pro tempore of the senate;
11	(3) One member appointed by the minority
12	leader of the senate;
13	(4) One member appointed by the speaker of
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.

- 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

37 exceeded the small business impact statement submitted prior to the adoption of the rules. 38 3. Subject to appropriations, by a 39 majority vote of the board, the board may hire a 40 one-half full-time equivalent employee for 41 42 clerical support and a full-time equivalent 43 employee with total salaries funded from the department of economic development 44 appropriations up to one hundred fifty thousand 45 dollars adjusted annually for inflation for 46 professional positions to: 47 (1) Conduct internet website additions, 48 49 corrections, and deletions; 50 (2) Develop training programs for agencies; 51 (3) Send regulatory alerts to interested 52 small business subscribers; (4) Track small business comments 53 54 regarding agencies and review and respond to the agency and small business accordingly; 55 (5) Prepare for board meetings and 56 57 hearings, including outreach, travel, agendas, and minutes; 58 (6) Prepare member maintenance expense 59 60 reports and appointments; (7) Analyze small business impact 61 statements. After such analysis, the employee 62 63 shall review such statements, offer suggestions, 64 and work with agencies to meet the statute 65 requirements; Analyze biannual report reviews; 66 (9) Conduct agency correspondence and 67 training; 68 (10) Conduct small business outreach by 69 speaking at chamber and association events; 70 71 (11) Review the Missouri Register and 72 other sources to look for proposed rules that may affect small business. 73 74 4. Subject to appropriations, the board 75 may receive additional funds for: (1) Upkeep of its internet website; 76 (2) Information technology; 77 78 (3) Mileage for board members; Publication, printing, and 79 (4)distribution of annual reports; 80

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81 (5) Outreach costs; and (6) Expenses and equipment for the one and 82 one-half full-time equivalent employee of the 83 board. 84 85 5. A majority vote of the board members shall be required for the hiring, retention, and 86 87 termination of board employees. All duties of board employees shall be dedicated solely to the 88 89 support of and for the furtherance of the purpose and mission of the board.] 90 [536.315. Any state agency receiving 2 recommendations from the board shall promptly consider such recommendations and may file a 3 response with the board within sixty days of 4 receiving the board's recommendations. If the 5 state agency determines that no action shall be 6 taken on the board's recommendations, the agency 7 8 should explain its reasons for its 9 determination. If the state agency determines that the board's recommendations merit adoption, 10 amendment or repeal of a rule, the agency should 11 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 objecting to all or part of any rule affecting 5 small business on any of the following grounds: 6 The actual effect on small business 7 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 did not consider new or significant economic 12 information that reveals an undue impact on 13 small business; or 14 (3) The impacts were not previously 15 considered at the public hearing on the rules. 16

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

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16 17 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.]

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