

REGULATORY SANDBOXES IN BORDER STATES

"The experiment, termed a regulatory sandbox, is a set of rules that allow businesses, usually within a specific industry, to test themselves in a market without being subject to usual regulations." Policy Foundation. "A sandbox to create jobs in." Jonesboro Sun, May 9, 2022

(February 2023) The regulatory sandbox idea has advanced across the U.S. since Utah policymakers enacted an industry-specific proposal in 2019 (1). Lawmakers in 13 states have enacted regulatory sandboxes. Proposals have been introduced in an additional 20 states.

Sandbox bills have been introduced in all six states bordering Arkansas.

The Sandbox Idea

The Libertas Institute, a Utah think tank, explains the idea as follows:

"(A) regulatory sandbox is a set of rules that allow businesses, usually within a specific industry, to test themselves in the market for a set period of time — generally two to three years — without being subject to any particular set of regulations. This is especially helpful to new businesses with innovative products, services, and/or business models that don't neatly fit into a single industry. At the end of that set time period, the business and its results are evaluated to determine what, if any, regulations should apply to it." (2)

A 2022 Policy Foundation analysis explained:

"Larger firms can have an advantage over smaller firms in navigating the regulatory process. Entrepreneurs with a new business model, product or service may also face the obstacle of a law or regulation written years or decades before a market existed. The sandbox gives them the liberty to operate until policymakers determine which regulations, if any, should apply to it." (3)

Libertas reports 11 states have industry-specific sandboxes: Florida, Hawaii, Kentucky, Nevada, North Carolina, Ohio, Rhode Island, South Dakota, Vermont, West Virginia and Wyoming. Two have enacted universal sandboxes applicable to all industries: Arizona and Utah. (4)

Arkansas Looks To The Future

Arkansas policymakers enacted a similar idea in 2019. Public Act 468 (sponsor: State Rep. Austin McCollum, R-Bentonville) authorized "the operation of autonomous vehicles or fully autonomous vehicles" under a "pilot program approved by the state Highway Commission." (5)

Border State Proposals

A 2021 Tennessee measure (HB 510) proposed a broad sandbox. A 2022 Louisiana measure (HB 564) proposed an insurance sandbox. A 2023 Mississippi proposal (HB 1116) would establish an agricultural-technology sandbox. A 2023 Texas measure (HB 2017) would create an insurance sandbox. Proposals introduced this year in Missouri (HB 268) and Oklahoma (SB 118) would create universal sandboxes. (6)

-- Greg Kaza

Notes

(1) House Bill 378

(2) <https://libertas.org/outreach/sandbox/>

(3) Ibid. "A sandbox to create jobs in."

(4) Sandbox regulatory proposals have been introduced in 13 other states: Connecticut, Georgia, Idaho, Iowa, Maryland, Montana, Nebraska, New Mexico, New York, North Dakota, Pennsylvania, Virginia and Washington.

(5) <https://www.arkleg.state.ar.us/Home/PreviousLegislatures/>

(6) Libertas Institute