



## OHIO CHAMBER OF COMMERCE

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### BEFORE THE HOUSE GOVERNMENT OVERSIGHT COMMITTEE TESTIMONY ON HOUSE BILL 176

June 3, 2025

Good Afternoon Chair Hall, Vice Chair Ferguson, Ranking member Humphrey, and members of the House Government Oversight Committee. My name is Tony Long, General Counsel and Director, Energy & Environmental Policy for the Ohio Chamber of Commerce and on behalf of the members of the Ohio Chamber, I am testifying in support of House Bill 176.

This legislation creates a regulatory “sandbox” program for novel products and services in Ohio. In the 134<sup>th</sup> General Assembly the legislature passed Senate Bill 249 that created a more limited “sandbox” for financial service products and services. House Bill 176 would extend this regulatory test program to a wider amount of general goods and services. As you heard from the sponsors, 14 states now have some form of a regulatory sandbox program for novel and products and services. HB 176 would allow Ohio to move ahead with a dynamic, evidence-based regulatory environment to test emerging products and services as the demand for digital products and service grows both here and around the globe. This legislation would be another sign to innovators, investors, and established firms that Ohio is creating an environment to attract and retain investment and jobs.

A few questions raised during the first hearing of HB 176 sought examples of products or services that could benefit from this regulatory test program. To answer those questions, I will list of a few examples from other states then provide potential benefactors here in Ohio when HB 176 is enacted.

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In Utah, a towing company used the program to test a mobile app to modernize public safety towing dispatch. The app will give dispatchers real time situational awareness and optimize deployment of towing companies to the needed locations. Also in Utah, the regulatory sandbox is being used by title insurance, waste management and healthcare entities. In Arizona a current applicant is testing an art fraud detection tool. Alumni of the Arizona sandbox program include consumer lending, blockchain, digital currency and cash management entities testing new apps, products and services.

As we move forward with new AI products, advanced manufacturing technologies, digital currency and wider application of ledger (blockchain) technologies, the time is right to institute a regulatory test program to analyze these new things before releasing them into the market. Much as new software is tested in a QA environments before being released in a production environment, these new technologies, platforms, tools, apps and services can be tested by companies and volunteer customers and overseen by regulators. Regulators can determine if old regulations should be removed, modified or if new protections need to be adopted.

But this regulatory test sandbox is not just for new products and services. It can be used to solve current issues with product and services that may need refreshed administrative rules or changes to statute to better deploy the goods and services. One example is Childcare. In a sandbox program, a childcare center and its families could volunteer to enter the program to determine if specific playground materials are necessary, if ratios could be changed along with other day to day items that may drive cost but offer no or little protection or benefit for child in the care of the center. At the end of the regulatory program, the results would be analyzed, families interviewed, and an evaluation can be made on the modification of current administrative rules or simply conclude that the current system needs to stay in place for now.

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For the state of Ohio and its various agencies and statewide departments, a regulatory sandbox would be the perfect method of testing digital currency for investment and payment of fees and taxes. A regulatory sandbox would give the state the time to test the digital currency and technologies in a QA environment and determine what protections need to be put in place before widely deploying digital currency in governmental business transactions.

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In closing, the Ohio Chamber supports HB 176 and thanks the sponsors Reps. Lorenz and Fischer for introducing this bill. The Ohio Chamber looks forward to working with this committee and the Ohio House to move HB 176 forward. Thank you for the opportunity to testify in support of HB 176. At this time, I will try to answer any questions you may have for me.