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Office

H.B. 476
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Cutrona and Hillyer

Local Impact Statement Procedure Required: No

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Highlights

- The bill creates the Universal Regulatory Sandbox Program within the Department of Commerce (COM). This program encompasses any innovative product or service across all industries, unlike the existing sandbox program which pertains only to novel financial products or services.
- The bill requires COM to establish the Regulatory Relief Office to administer the Universal Sandbox Program. It is unclear whether COM will require additional staff to run this program, or if the agency will use the staff that currently oversees the existing regulatory sandbox program to run the new program.
- The bill establishes the Universal Regulatory Sandbox Program Fund, consisting of program application fees, to pay for operating expenses of the Regulatory Relief Office.
- The bill creates the Universal Regulatory Sandbox Advisory Committee within COM to review applications to the program and make recommendations for approval. Members of the Advisory Committee are not compensated.

Detailed Analysis

Universal Regulatory Sandbox Program

The bill establishes the Universal Regulatory Sandbox Program to be administered by the Regulatory Relief Office within the Department of Commerce (COM). Under current law, there is an existing regulatory sandbox program that pertains only to novel financial products and services, whereas the program established under the bill applies to any innovative product or service across all industries. The current sandbox program has been administered by the Division of Financial Institutions. According to the State Policy Network, eight states have some form of a

regulatory sandbox, and Utah has an all-encompassing regulatory sandbox similar to what is proposed in the bill.¹ According to Utah’s Office of Legal Services Innovation, as of January 2024, there were 105 applications to the program since its creation in 2021, with 51 entities approved to participate in the program. Of those approved, 17 entities were reporting activity under the program.²

Regulatory Relief Office

The bill also creates the Regulatory Relief Office within COM to administer the Universal Regulatory Sandbox Program. The bill requires the Office to administer the applications for participation, and act as liaison between private businesses and state agencies. The bill also permits the Office to adopt rules as needed to administer the program, including rules that establish application and reporting requirements, and that allow for cooperation and consultation with the Superintendent of Financial Institutions to ensure cooperation with the existing regulatory sandbox program. Presumably, many of the rules and requirements of the existing program would be implemented in the Universal Program created under the bill.

It is not clear whether COM will need to hire any additional staff for the Regulatory Relief Office, or simply use existing staff to cover operations. Because of the low participation rates in sandbox programs from other states,³ it may be that COM will be able to integrate the Universal Program along with the existing sandbox program using existing staff. The bill additionally creates the Universal Regulatory Sandbox Program Fund to be used by COM to pay the costs of implementing the program. The fund consists of application fees established by rule. The existing application fee for the current sandbox program is \$750. However, it does not appear as though any such entities have applied for participation.

Universal Regulatory Sandbox Advisory Committee

The bill creates the Universal Regulatory Sandbox Program Advisory Committee, comprised of 11 members who will advise and make recommendations to the Regulatory Relief Office. The Committee must review applications for participation in the program and make recommendations to the Regulatory Relief Office as to whether applications should be approved. The members of the Advisory Committee serve without compensation. The LSC bill analysis contains further details on the composition and appointment of members of the Advisory Committee as well as the required materials for applications and the Advisory Committee review process.

Reporting requirements

The bill contains several different reporting requirements related to the Universal Program. First, on October 1 of the year following the effective date of the bill, COM is required to submit a written report to the General Assembly regarding the activities of the regulatory relief office, including information regarding participants in the Universal Program, and any recommended changes. Additionally, the bill requires applicable state agencies, within 30 days

¹ [State Policy Network Sandbox Report](#). Accessed June 2024.

² [Utah Sandbox Participation](#). Accessed June 2024.

³ [Sandbox Participation Rates](#). Accessed June 2024.

after the agency receives a quarterly report from a sandbox participant, to provide a written report to the regulatory relief office describing any statute or regulation reforms the agency recommends based on these participant reports. As a consequence, the state agencies involved might incur some minimal additional administrative costs to compile this information.

The bill additionally requires COM to create and maintain a public webpage on its website where Ohio residents and businesses can make suggestions regarding laws and regulations that could be modified or eliminated. COM could incur some minimal additional costs for creating this webpage and compiling and reporting the suggestions made. More specifically, the bill requires the Regulatory Relief Office, at least quarterly, to compile the suggestions and provide a written report to the Governor and General Assembly discussing the most common suggestions. The Office would evaluate the report and offer its own suggestions for modifying or eliminating regulations based on the evaluation.