

**15.276 Demonstration of offering -- Action in accordance with licenses in other jurisdictions -- Immunity from actions and charges during demonstration period -- Criminal liability -- Termination of participation -- Liability for business losses and expenses. (Effective March 15, 2024)**

- (1) Once an application is approved by the regulatory relief office, the sandbox participant has twelve (12) months after the day on which the application was approved to demonstrate the offering described in the sandbox participant's application.
- (2) An offering that is demonstrated within the regulatory sandbox shall be subject to the following:
  - (a) Each consumer shall be a resident of the state; and
  - (b) No administrative regulation shall be suspended to preclude any person from recovering civil liability damages or workers' compensation damages from the sandbox participant in the event that person is harmed as a result of the sandbox participant's product, conduct, or both.
- (3) This section shall not restrict a sandbox participant who holds a license or other authorization in another jurisdiction from acting in accordance with that license or other authorization.
- (4) A sandbox participant is deemed to possess an appropriate license or other authorization under the laws of the state for the purposes of any provision of federal law requiring licensure or other authorization by the state.
- (5) Subject to subsection (6) of this section:
  - (a) During the demonstration period, a sandbox participant shall not be subject to the enforcement of administrative regulations identified in the written agreement between the regulatory relief office and the sandbox pursuant to KRS 15.272(6);
  - (b) A prosecutor shall not file or pursue charges pertaining to an administrative regulation identified in the written agreement between the regulatory relief office and the sandbox participant described in KRS 15.272(6) that occurs during the demonstration period; and
  - (c) 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 an administrative regulation that:
    1. Is identified as being waived or suspended in the written agreement between the regulatory relief office and the sandbox participant described in KRS 15.272(6); and
    2. Occurs during the demonstration period.
- (6) Notwithstanding any other provision of KRS 15.262 to 15.278, a sandbox participant shall not have immunity related to any criminal offense committed during the sandbox participant's participation in the regulatory sandbox.
- (7) By written notice, the regulatory relief office may end a sandbox participant's participation in the regulatory sandbox at any time and for any reason, including if the director determines that a sandbox participant is not operating in good faith to

bring an innovative offering to market.

- (8) The regulatory relief office and the employees of the regulatory relief office shall not be liable for any business losses or the recouping of application expenses or other expenses related to the regulatory sandbox, including for:
- (a) Denying an applicant's application to participate in the regulatory sandbox for any reason; or
  - (b) Ending a sandbox participant's participation in the regulatory sandbox at any time and for any reason.

**Effective:** March 15, 2024

**History:** Created 2023 Ky. Acts ch. 122, sec. 8, effective March 15, 2024.