

1 AN ACT relating to regulatory relief.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
4 154 IS CREATED TO READ AS FOLLOWS:

5 *As used in Sections 1 to 9 of this Act, unless the context suggests otherwise:*

6 *(1) "Advisory committee" means the General Regulatory Sandbox Advisory*
7 *Committee;*

8 *(2) "Applicable agency" means a department or agency of the state that by law*
9 *regulates a business activity and persons engaged in the business activity,*
10 *including the issuance of licenses or other types of authorization, which the office*
11 *determines would otherwise regulate a sandbox participant;*

12 *(3) "Applicant" means a person that applies to participate in the regulatory sandbox;*

13 *(4) "Consumer" means a person that purchases or otherwise enters into a*
14 *transaction or agreement to receive an offering pursuant to a demonstration by a*
15 *sandbox participant;*

16 *(5) "Demonstrate" or "demonstration" means to temporarily provide an offering in*
17 *accordance with the provisions of the regulatory sandbox described in this*
18 *chapter;*

19 *(6) "Director" means the director of the Kentucky Office of Regulatory Relief;*

20 *(7) "Innovation" means the use or incorporation of a new idea, a new or emerging*
21 *technology, or a new use of existing technology to address a problem, provide a*
22 *benefit, or otherwise offer a product, production method, or service;*

23 *(8) "Innovative offering" means an offering that includes an innovation;*

24 *(9) "Offering":*

25 *(a) Means a product, production method, or service; and*

26 *(b) Shall not include a product, production method, or service that is subject to*
27 *regulation under KRS Chapter 292, Securities Act of Kentucky;*

1 (10) "Product" means a commercially distributed good that is:

2 (a) Tangible personal property;

3 (b) The result of a production process; and

4 (c) Passed through the distribution channel before consumption;

5 (11) "Production" means the method or process of creating or obtaining a good,
6 which may include assembling, breeding, capturing, collecting, extracting,
7 fabricating, farming, fishing, gathering, growing, harvesting, hunting,
8 manufacturing, mining, processing, raising, or trapping a good;

9 (12) "Regulatory relief office" means the Kentucky Office of Regulatory Relief;

10 (13) "Sandbox" or "regulatory sandbox" means the General Regulatory Sandbox
11 Program, which allows a person to temporarily demonstrate an offering under a
12 waiver or suspension of one (1) or more state laws or administrative regulations;

13 (14) "Sandbox participant" means a person whose application to participate in the
14 regulatory sandbox is approved in accordance with Section 6 of this Act;

15 (15) "Secretary" means the secretary of the Cabinet for Economic Development; and

16 (16) "Service" means any commercial activity, duty, or labor performed for another
17 person.

18 ➔SECTION 2. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
19 154 IS CREATED TO READ AS FOLLOWS:

20 (1) The General Regulatory Sandbox Advisory Committee is hereby established for
21 the purpose of advising and making recommendations to the Kentucky Office of
22 Regulatory Relief concerning the implementation and administration of the
23 General Regulatory Sandbox Program.

24 (2) The advisory committee shall consist of twelve (12) members to be appointed as
25 follows:

26 (a) Five (5) members representing business interests from various industries
27 appointed by the secretary;

1 (b) Five (5) members who represent state agencies that regulate businesses
2 appointed by the director; and

3 (c) Two (2) members of the Kentucky General Assembly, one (1) appointed by
4 the President of the Senate and one (1) appointed by the Speaker of the
5 House of Representatives, who shall be ex officio nonvoting members.

6 (3) After the initial appointments, members of the advisory committee who are not
7 legislators shall serve a term of four (4) years.

8 (4) The secretary shall select a chair of the committee on an annual basis.

9 (5) Notwithstanding the requirements of subsection (2) of this section, the secretary
10 may adjust the length of terms of appointments and reappointments to the
11 committee so that half of the advisory committee is appointed every two (2) years.

12 (6) A member of the advisory committee shall not receive compensation or benefits
13 for the member's service, but a member appointed under subsection (1)(a) of this
14 section shall receive per diem and travel expenses consistent with the
15 reimbursement policy for state employees.

16 (7) A majority of the advisory committee constitutes a quorum for the purpose of
17 conducting advisory committee business, and the action of the majority of a
18 quorum constitutes the action of the advisory committee.

19 (8) Meetings of the advisory committee shall not be subject to public disclosure
20 pursuant to the Kentucky Open Records Act, KRS 61.805 to 61.850.

21 (9) The advisory committee shall be attached to the Office of the Secretary of the
22 Cabinet for Economic Development for administrative purposes.

23 ➔SECTION 3. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
24 154 IS CREATED TO READ AS FOLLOWS:

25 (1) The Kentucky Office of Regulatory Relief is hereby created within the Office of
26 the Secretary of the Cabinet for Economic Development.

27 (2) (a) There shall be a director within the regulatory relief office responsible for

1 administering Sections 1 to 9 of this Act. The director shall be appointed by
2 the secretary with the approval of the Governor in accordance with KRS
3 12.050.

4 (b) The director shall review all applications for admission to the regulatory
5 sandbox. The director shall report to the secretary and may appoint staff
6 subject to the approval of the secretary.

7 (3) The regulatory relief office shall:

8 (a) Administer the regulatory sandbox established in Section 4 of this Act;

9 (b) Establish a program to enable a person to obtain legal protections and
10 limited access to the market in the state to demonstrate an innovative
11 offering without obtaining a license or other authorization that might
12 otherwise be required;

13 (c) Establish an application fee for admission to the regulatory sandbox;

14 (d) Act as a liaison between private businesses and applicable agencies to
15 identify state laws and administrative regulations that may be waived or
16 suspended under the regulatory sandbox;

17 (e) Consult with each applicable agency; and

18 (f) Administer the provisions of Sections 1 to 9 of this Act.

19 (4) The regulatory relief office may:

20 (a) Review state laws and administrative regulations that:

21 1. May unnecessarily inhibit the creation and success of new companies
22 or industries; and

23 2. Provide recommendations to the Governor and the General Assembly
24 on modifying those state laws and administrative regulations;

25 (b) Create a framework for analyzing the risk level to the health, safety, and
26 financial well-being of consumers related to permanently removing or
27 temporarily suspending laws and administrative regulations that inhibit the

- 1 creation or success of new and existing companies or industries;
- 2 (c) Propose potential reciprocity agreements between states that use or may
- 3 propose to use similar regulatory sandbox programs as described in Section
- 4 4 of this Act;
- 5 (d) Enter into agreements with or adopt the best practices of corresponding
- 6 federal regulatory agencies or other states that may administer similar
- 7 programs;
- 8 (e) Consult with businesses in the state about existing or potential proposals for
- 9 the regulatory sandbox; and
- 10 (f) Promulgate administrative regulations concerning:
- 11 1. Administering the regulatory sandbox;
- 12 2. The application process;
- 13 3. Reporting requirements of sandbox participants; and
- 14 4. Cooperating and consulting with other agencies in the Commonwealth
- 15 that administer sandbox programs.

16 ➔SECTION 4. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER

17 154 IS CREATED TO READ AS FOLLOWS:

- 18 (1) The General Regulatory Sandbox Program is hereby created within the Kentucky
- 19 Office of Regulatory Relief to provide relevant information regarding the
- 20 regulatory sandbox program, including informing an applicant whether it may be
- 21 more suitable to apply for the program described in this section or KRS 304.3-
- 22 705.
- 23 (2) An applicant for the regulatory sandbox may contact the regulatory relief office
- 24 to request a consultation regarding the regulatory sandbox before submitting an
- 25 application.
- 26 (3) An applicant for the regulatory sandbox shall submit to the regulatory relief
- 27 office:

1 (a) The required application fee as determined by the regulatory relief office;

2 (b) A written application on a form prescribed by the regulatory relief office

3 that:

4 1. Confirms the applicant is subject to the jurisdiction of the state;

5 2. Confirms the applicant has established a physical or virtual location
6 in the state, from which the demonstration of an innovative offering
7 will be developed and performed and where all required records,
8 documents, and data will be maintained;

9 3. Contains relevant personal and contact information for the applicant,
10 including legal names, addresses, telephone numbers, email addresses,
11 website addresses, and other information required by the regulatory
12 relief office;

13 4. Discloses criminal convictions of the applicant or other participating
14 personnel, if any;

15 5. Contains a description of the innovative offering to be demonstrated,
16 including statements regarding:

17 a. How the offering is subject to licensing, legal prohibition, or
18 other authorization requirements outside of the regulatory
19 sandbox;

20 b. Each law or administrative regulation that the applicant seeks to
21 have waived or suspended while participating in the regulatory
22 sandbox program;

23 c. How the offering would benefit consumers;

24 d. How the offering is different from other offerings available in
25 the state;

26 e. What risks might exist for consumers who use or purchase the
27 offering;

1 f. How participating in the regulatory sandbox would enable a
 2 successful demonstration of the offering;

3 g. A description of the proposed demonstration plan, including
 4 estimated time periods for beginning and ending the
 5 demonstration;

6 h. Recognition that the applicant will be subject to all laws and
 7 administrative regulations pertaining to the applicant's offering
 8 after conclusion of the demonstration; and

9 i. How the applicant will end the demonstration and protect
 10 consumers if the demonstration fails; and

11 6. Lists each governmental agency, if any, that the applicant knows
 12 regulates the applicant's business; and

13 (c) Any other required information that the regulatory relief office deems
 14 necessary.

15 (4) An applicant shall file a separate application for each innovative offering that the
 16 applicant wishes to demonstrate.

17 (5) A person shall not be eligible to make an application under this section if the
 18 person is seeking regulatory relief that is available under KRS 304.3-700 to
 19 304.3-735.

20 ➔SECTION 5. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
 21 154 IS CREATED TO READ AS FOLLOWS:

22 (1) Upon receipt of an application, the regulatory relief office shall:

23 (a) Classify the application and any related information provided by the
 24 applicant as a protected record in accordance with the Kentucky Open
 25 Records Act, KRS 61.870 to 61.884;

26 (b) Consult with each applicable governmental agency that regulates the
 27 applicant's business regarding whether more information is needed from

- 1 the applicant; and
- 2 (c) Seek additional information from the applicant that the regulatory relief
- 3 office determines is necessary.
- 4 (2) No later than five (5) business days after the day on which a complete application
- 5 is received by the regulatory relief office, the regulatory relief office shall:
- 6 (a) Review the application and refer the application to each applicable
- 7 governmental agency that regulates the applicant's business; and
- 8 (b) Provide to the applicant:
- 9 1. An acknowledgment of receipt of the application; and
- 10 2. The identity and contact information of each regulatory agency to
- 11 which the application has been referred for review.

12 ➔SECTION 6. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER

13 154 IS CREATED TO READ AS FOLLOWS:

- 14 (1) (a) Subject to paragraphs (c) and (g) of this subsection, no later than thirty (30)
- 15 days after the day on which an applicable agency receives a complete
- 16 application for review, the applicable agency shall provide a written report
- 17 to the director of the applicable agency's findings.
- 18 (b) The report shall:
- 19 1. Describe any identifiable, likely, and significant harm to the health,
- 20 safety, or financial well-being of consumers that the relevant law or
- 21 administrative regulation protects against; and
- 22 2. Make a recommendation to the regulatory relief office that the
- 23 applicant either be admitted or denied entrance into the regulatory
- 24 sandbox.
- 25 (c) 1. The applicable agency may request an additional five (5) business
- 26 days to deliver the written report by providing notice to the director,
- 27 and the request shall automatically be granted.

1 2. The applicable agency may only request one (1) extension per
2 application.

3 (d) If the applicable agency recommends an applicant under this section be
4 denied entrance into the regulatory sandbox, the written report shall include
5 a description of the reasons for the recommendation, including why a
6 temporary waiver or suspension of the relevant laws or administrative
7 regulations would potentially significantly harm the health, safety, or
8 financial well-being of consumers or the public and the likelihood of such
9 harm occurring.

10 (e) If the applicable agency determines that the consumer's or public's health,
11 safety, or financial well-being can be protected through less restrictive
12 means than the existing relevant laws or administrative regulations, then
13 the applicable agency shall provide a recommendation of how that can be
14 achieved.

15 (f) If an applicable agency fails to deliver a written report as described in this
16 subsection, the director shall assume that the applicable agency does not
17 object to the temporary waiver or suspension of the relevant laws or
18 administrative regulations for an applicant seeking to participate in the
19 regulatory sandbox.

20 (g) Notwithstanding any other provision of this section, an applicable agency
21 may by written notice to the regulatory relief office:

22 1. Within the thirty (30) days after the day on which the applicable
23 agency receives a complete application for review, or within thirty-five
24 (35) days if an extension has been requested by the applicable agency,
25 reject an application if the applicable agency determines, in the
26 applicable agency's sole discretion, that the applicant's offering fails
27 to comply with standards or specifications:

- 1 a. Required by federal law or regulation; or
- 2 b. Previously approved for use by a federal agency; or
- 3 2. Reject an application preliminarily approved by the regulatory relief
- 4 office, if the applicable agency:
- 5 a. Recommends rejection of the application in accordance with
- 6 paragraph (d) of this subsection in the agency's written report;
- 7 and
- 8 b. Provides in the written notice under this paragraph a description
- 9 of the applicable agency's reasons why approval of the
- 10 application would create a substantial risk of harm to the health
- 11 or safety of the public, or create unreasonable expenses for
- 12 taxpayers in the state.
- 13 (h) If an applicable agency rejects an application under paragraph (g) of this
- 14 subsection, the regulatory relief office shall not approve the application.
- 15 (2) (a) Upon receiving a written report described in subsection (1) of this section,
- 16 the director shall provide the application and the written report to the
- 17 advisory committee.
- 18 (b) The director may call the advisory committee to meet as needed, but not less
- 19 than once per quarter if applications are available for review.
- 20 (c) After receiving and reviewing the application and each written report, the
- 21 advisory committee shall provide to the director the advisory committee's
- 22 recommendation as to whether the applicant may be admitted as a sandbox
- 23 participant under this section and Section 4 of this Act.
- 24 (d) As part of the advisory committee's review of each written report, the
- 25 advisory committee shall use the criteria required for an applicable agency
- 26 as described in subsection (1) of this section.
- 27 (3) (a) In reviewing an application and each applicable agency's written report, the

1 regulatory relief office shall consult with each applicable agency and the
2 advisory committee before admitting an applicant into the regulatory
3 sandbox.

4 (b) The consultation with each applicable agency and the consultation with the
5 advisory committee may include seeking information about whether the
6 applicable agency has previously:

7 1. Issued a license or other authorization to the applicant; and

8 2. Investigated, sanctioned, or pursued legal action against the applicant.

9 (4) In reviewing an application under this section, the regulatory relief office and
10 each applicable agency shall consider whether a competitor to the applicant is or
11 has been a sandbox participant and, if so, weigh that as a factor in favor of
12 allowing the applicant to also become a sandbox participant.

13 (5) In reviewing an application under this section, the regulatory relief office shall
14 consider whether:

15 (a) The applicant's plan will adequately protect consumers from potential harm
16 identified by an applicable agency in the applicable agency's written report;

17 (b) The risk of harm to consumers is outweighed by the potential benefits to
18 consumers from the applicant's participation in the regulatory sandbox;
19 and

20 (c) Certain state laws or administrative regulations that regulate an offering
21 shall not be waived or suspended even if the applicant is approved as a
22 sandbox participant, including applicable antifraud or disclosure
23 provisions.

24 (6) (a) An applicant becomes a sandbox participant if the regulatory relief office
25 approves the application for the regulatory sandbox and enters into a
26 written agreement with the applicant describing the specific laws and
27 administrative regulations that may be waived or suspended as part of

1 participation in the regulatory sandbox.

2 **(b) Notwithstanding any other provision of Sections 1 to 9 of this Act, the**
3 **regulatory relief office shall not enter into a written agreement with an**
4 **applicant that waives or suspends a tax, fee, or charge that is administered**
5 **by the Department of Revenue or that is described in KRS Chapters 131 to**
6 **144.**

7 ➔SECTION 7. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
8 154 IS CREATED TO READ AS FOLLOWS:

9 **(1) The director shall deny an application for participation in the regulatory sandbox**
10 **if the applicant or any person who seeks to participate with the applicant in**
11 **demonstrating an offering has been convicted, entered a plea of nolo contendere,**
12 **or entered a plea of guilty or nolo contendere held in abeyance, for any crime**
13 **involving significant theft, fraud, or dishonesty if the crime bears a significant**
14 **relationship to the applicant's or other participant's ability to safely and**
15 **competently participate in the regulatory sandbox.**

16 **(2) When an applicant is approved for participation in the regulatory sandbox, the**
17 **director may provide notice of the approval to competitors of the applicant and to**
18 **the public.**

19 ➔SECTION 8. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
20 154 IS CREATED TO READ AS FOLLOWS:

21 **(1) Once an application is approved by the regulatory relief office, the sandbox**
22 **participant has twelve (12) months after the day on which the application was**
23 **approved to demonstrate the offering described in the sandbox participant's**
24 **application.**

25 **(2) An offering that is demonstrated within the regulatory sandbox shall be subject to**
26 **the following:**

27 **(a) Each consumer shall be a resident of the state; and**

1 (b) A law or administrative regulation shall not be waived or suspended if
2 waiving or suspending the law or administrative regulation would prevent a
3 consumer from seeking restitution in the event that the consumer is
4 harmed.

5 (3) This section shall not restrict a sandbox participant who holds a license or other
6 authorization in another jurisdiction from acting in accordance with that license
7 or other authorization.

8 (4) A sandbox participant is deemed to possess an appropriate license or other
9 authorization under the laws of the state for the purposes of any provision of
10 federal law requiring licensure or other authorization by the state.

11 (5) Subject to subsection (6) of this section:

12 (a) During the demonstration period, a sandbox participant shall not be subject
13 to the enforcement of state laws or administrative regulations identified in
14 the written agreement between the regulatory relief office and the sandbox
15 pursuant to subsection (6) of Section 6 of this Act;

16 (b) A prosecutor shall not file or pursue charges pertaining to a law or
17 administrative regulation identified in the written agreement between the
18 regulatory relief office and the sandbox participant described in subsection
19 (6) of Section 6 of this Act that occurs during the demonstration period; and

20 (c) A state agency shall not file or pursue any punitive action against a sandbox
21 participant, including a fine or license suspension or revocation, for the
22 violation of a law or administrative regulation that:

23 1. Is identified as being waived or suspended in the written agreement
24 between the regulatory relief office and the sandbox participant
25 described in subsection (6) of Section 6 of this Act; and

26 2. Occurs during the demonstration period.

27 (6) Notwithstanding any other provision of Sections 1 to 9 of this Act, a sandbox

1 participant shall not have immunity related to any criminal offense committed
2 during the sandbox participant's participation in the regulatory sandbox.

3 (7) By written notice, the regulatory relief office may end a sandbox participant's
4 participation in the regulatory sandbox at any time and for any reason, including
5 if the director determines that a sandbox participant is not operating in good faith
6 to bring an innovative offering to market.

7 (8) The regulatory relief office and the employees of the regulatory relief office shall
8 not be liable for any business losses or the recouping of application expenses or
9 other expenses related to the regulatory sandbox, including for:

10 (a) Denying an applicant's application to participate in the regulatory sandbox
11 for any reason; or

12 (b) Ending a sandbox participant's participation in the regulatory sandbox at
13 any time and for any reason.

14 ➔SECTION 9. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
15 154 IS CREATED TO READ AS FOLLOWS:

16 (1) The director shall submit an annual written report to the secretary on the
17 activities of the regulatory relief office, which includes:

18 (a) Information regarding each participant in the regulatory sandbox created
19 in Section 4 of this Act, including which industries each participant
20 represents and the anticipated or actual cost savings that each participant
21 experienced;

22 (b) Recommendations regarding any laws or administrative regulations that
23 should be permanently modified;

24 (c) Information regarding outcomes for consumers; and

25 (d) Recommendations for changes to the regulatory sandbox or other duties of
26 the regulatory relief office.

27 (2) The secretary shall provide a written report on the activities of the regulatory

1 *relief office to the Governor and the Legislative Research Commission by October*
2 *1 of each year, which shall include the director's report submitted under*
3 *subsection (1) of this section.*

4 ➔Section 10. KRS 12.020 is amended to read as follows:

5 Departments, program cabinets and their departments, and the respective major
6 administrative bodies that they include are enumerated in this section. It is not intended
7 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
8 bureau, interstate compact, commission, committee, conference, council, office, or any
9 other form of organization shall be included in or attached to the department or program
10 cabinet in which they are included or to which they are attached by statute or statutorily
11 authorized executive order; except in the case of the Personnel Board and where the
12 attached department or administrative body is headed by a constitutionally elected
13 officer, the attachment shall be solely for the purpose of dissemination of information and
14 coordination of activities and shall not include any authority over the functions,
15 personnel, funds, equipment, facilities, or records of the department or administrative
16 body.

17 I. Cabinet for General Government - Departments headed by elected officers:

- 18 (1) The Governor.
19 (2) Lieutenant Governor.
20 (3) Department of State.
21 (a) Secretary of State.
22 (b) Board of Elections.
23 (c) Registry of Election Finance.
24 (4) Department of Law.
25 (a) Attorney General.
26 (5) Department of the Treasury.
27 (a) Treasurer.

- 1 (6) Department of Agriculture.
- 2 (a) Commissioner of Agriculture.
- 3 (b) Agricultural Development Board.
- 4 (c) Kentucky Agricultural Finance Corporation.
- 5 (7) Auditor of Public Accounts.
- 6 II. Program cabinets headed by appointed officers:
- 7 (1) Justice and Public Safety Cabinet:
- 8 (a) Department of Kentucky State Police.
- 9 1. Office of Administrative Services.
- 10 a. Division of Operational Support.
- 11 b. Division of Management Services.
- 12 2. Office of Operations.
- 13 a. Division of West Troops.
- 14 b. Division of East Troops.
- 15 c. Division of Special Enforcement.
- 16 d. Division of Commercial Vehicle Enforcement.
- 17 3. Office of Technical Services.
- 18 a. Division of Forensic Sciences.
- 19 b. Division of Information Technology.
- 20 (b) Department of Criminal Justice Training.
- 21 (c) Department of Corrections.
- 22 (d) Department of Juvenile Justice.
- 23 (e) Office of the Secretary.
- 24 (f) Office of Drug Control Policy.
- 25 (g) Office of Legal Services.
- 26 (h) Office of the Kentucky State Medical Examiner.
- 27 (i) Parole Board.

- 1 (j) Kentucky State Corrections Commission.
- 2 (k) Office of Legislative and Intergovernmental Services.
- 3 (l) Office of Human Resource Management.
- 4 1. Division of Human Resource Administration.
- 5 2. Division of Employee Management.
- 6 (m) Department of Public Advocacy.
- 7 (n) Office of Communications.
- 8 1. Information Technology Services Division.
- 9 (o) Office of Financial Management Services.
- 10 1. Division of Financial Management.
- 11 (p) Grants Management Division.
- 12 (2) Energy and Environment Cabinet:
- 13 (a) Office of the Secretary.
- 14 1. Office of Legislative and Intergovernmental Affairs.
- 15 2. Office of Legal Services.
- 16 a. Legal Division I.
- 17 b. Legal Division II.
- 18 3. Office of Administrative Hearings.
- 19 4. Office of Communication.
- 20 5. Mine Safety Review Commission.
- 21 6. Office of Kentucky Nature Preserves.
- 22 7. Kentucky Public Service Commission.
- 23 (b) Department for Environmental Protection.
- 24 1. Office of the Commissioner.
- 25 2. Division for Air Quality.
- 26 3. Division of Water.
- 27 4. Division of Environmental Program Support.

- 1 5. Division of Waste Management.
- 2 6. Division of Enforcement.
- 3 7. Division of Compliance Assistance.
- 4 (c) Department for Natural Resources.
- 5 1. Office of the Commissioner.
- 6 2. Division of Mine Permits.
- 7 3. Division of Mine Reclamation and Enforcement.
- 8 4. Division of Abandoned Mine Lands.
- 9 5. Division of Oil and Gas.
- 10 6. Division of Mine Safety.
- 11 7. Division of Forestry.
- 12 8. Division of Conservation.
- 13 9. Office of the Reclamation Guaranty Fund.
- 14 (d) Office of Energy Policy.
- 15 1. Division of Energy Assistance.
- 16 (e) Office of Administrative Services.
- 17 1. Division of Human Resources Management.
- 18 2. Division of Financial Management.
- 19 3. Division of Information Services.
- 20 (3) Public Protection Cabinet.
- 21 (a) Office of the Secretary.
- 22 1. Office of Communications and Public Outreach.
- 23 2. Office of Legal Services.
- 24 a. Insurance Legal Division.
- 25 b. Charitable Gaming Legal Division.
- 26 c. Alcoholic Beverage Control Legal Division.
- 27 d. Housing, Buildings and Construction Legal Division.

- 1 e. Financial Institutions Legal Division.
- 2 f. Professional Licensing Legal Division.
- 3 3. Office of Administrative Hearings.
- 4 4. Office of Administrative Services.
- 5 a. Division of Human Resources.
- 6 b. Division of Fiscal Responsibility.
- 7 (b) Office of Claims and Appeals.
- 8 1. Board of Tax Appeals.
- 9 2. Board of Claims.
- 10 3. Crime Victims Compensation Board.
- 11 (c) Kentucky Boxing and Wrestling Commission.
- 12 (d) Kentucky Horse Racing Commission.
- 13 1. Office of Executive Director.
- 14 a. Division of Pari-mutuel Wagering and Compliance.
- 15 b. Division of Stewards.
- 16 c. Division of Licensing.
- 17 d. Division of Enforcement.
- 18 e. Division of Incentives and Development.
- 19 f. Division of Veterinary Services.
- 20 (e) Department of Alcoholic Beverage Control.
- 21 1. Division of Distilled Spirits.
- 22 2. Division of Malt Beverages.
- 23 3. Division of Enforcement.
- 24 (f) Department of Charitable Gaming.
- 25 1. Division of Licensing and Compliance.
- 26 2. Division of Enforcement.
- 27 (g) Department of Financial Institutions.

- 1 1. Division of Depository Institutions.
- 2 2. Division of Non-Depository Institutions.
- 3 3. Division of Securities.
- 4 (h) Department of Housing, Buildings and Construction.
- 5 1. Division of Fire Prevention.
- 6 2. Division of Plumbing.
- 7 3. Division of Heating, Ventilation, and Air Conditioning.
- 8 4. Division of Building Code Enforcement.
- 9 (i) Department of Insurance.
- 10 1. Division of Health and Life Insurance and Managed Care.
- 11 2. Division of Property and Casualty Insurance.
- 12 3. Division of Administrative Services.
- 13 4. Division of Financial Standards and Examination.
- 14 5. Division of Licensing.
- 15 6. Division of Insurance Fraud Investigation.
- 16 7. Division of Consumer Protection.
- 17 (j) Department of Professional Licensing.
- 18 1. Real Estate Authority.
- 19 (4) Transportation Cabinet:
- 20 (a) Department of Highways.
- 21 1. Office of Project Development.
- 22 2. Office of Project Delivery and Preservation.
- 23 3. Office of Highway Safety.
- 24 4. Highway District Offices One through Twelve.
- 25 (b) Department of Vehicle Regulation.
- 26 (c) Department of Aviation.
- 27 (d) Department of Rural and Municipal Aid.

- 1 1. Office of Local Programs.
- 2 2. Office of Rural and Secondary Roads.
- 3 (e) Office of the Secretary.
- 4 1. Office of Public Affairs.
- 5 2. Office for Civil Rights and Small Business Development.
- 6 3. Office of Budget and Fiscal Management.
- 7 4. Office of Inspector General.
- 8 5. Secretary's Office of Safety.
- 9 (f) Office of Support Services.
- 10 (g) Office of Transportation Delivery.
- 11 (h) Office of Audits.
- 12 (i) Office of Human Resource Management.
- 13 (j) Office of Information Technology.
- 14 (k) Office of Legal Services.
- 15 (5) Cabinet for Economic Development:
- 16 (a) Office of the Secretary.
- 17 1. Office of Legal Services.
- 18 2. Department for Business Development.
- 19 3. Department for Financial Services.
- 20 a. Kentucky Economic Development Finance Authority.
- 21 b. Finance and Personnel Division.
- 22 c. IT and Resource Management Division.
- 23 d. Compliance Division.
- 24 e. Incentive Administration Division.
- 25 f. Bluegrass State Skills Corporation.
- 26 4. Office of Marketing and Public Affairs.
- 27 a. Communications Division.

- 1 b. Graphics Design Division.
- 2 5. Office of Workforce, Community Development, and Research.
- 3 6. Office of Entrepreneurship and Small Business Innovation.
- 4 a. Commission on Small Business Innovation and Advocacy.

5 **7. Kentucky Office of Regulatory Relief.**

- 6 (6) Cabinet for Health and Family Services:
- 7 (a) Office of the Secretary.
- 8 1. Office of the Ombudsman and Administrative Review.
- 9 2. Office of Public Affairs.
- 10 3. Office of Legal Services.
- 11 4. Office of Inspector General.
- 12 5. Office of Human Resource Management.
- 13 6. Office of Finance and Budget.
- 14 7. Office of Legislative and Regulatory Affairs.
- 15 8. Office of Administrative Services.
- 16 9. Office of Application Technology Services.
- 17 10. Office of Data Analytics.
- 18 (b) Department for Public Health.
- 19 (c) Department for Medicaid Services.
- 20 (d) Department for Behavioral Health, Developmental and Intellectual
- 21 Disabilities.
- 22 (e) Department for Aging and Independent Living.
- 23 (f) Department for Community Based Services.
- 24 (g) Department for Income Support.
- 25 (h) Department for Family Resource Centers and Volunteer Services.
- 26 (i) Office for Children with Special Health Care Needs.
- 27 (7) Finance and Administration Cabinet:

- 1 (a) Office of the Secretary.
- 2 (b) Office of the Inspector General.
- 3 (c) Office of Legislative and Intergovernmental Affairs.
- 4 (d) Office of General Counsel.
- 5 (e) Office of the Controller.
- 6 (f) Office of Administrative Services.
- 7 (g) Office of Policy and Audit.
- 8 (h) Department for Facilities and Support Services.
- 9 (i) Department of Revenue.
- 10 (j) Commonwealth Office of Technology.
- 11 (k) State Property and Buildings Commission.
- 12 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 13 (m) Kentucky Employees Retirement Systems.
- 14 (n) Commonwealth Credit Union.
- 15 (o) State Investment Commission.
- 16 (p) Kentucky Housing Corporation.
- 17 (q) Kentucky Local Correctional Facilities Construction Authority.
- 18 (r) Kentucky Turnpike Authority.
- 19 (s) Historic Properties Advisory Commission.
- 20 (t) Kentucky Higher Education Assistance Authority.
- 21 (u) Kentucky River Authority.
- 22 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 23 (w) Executive Branch Ethics Commission.
- 24 (x) Office of Fleet Management.
- 25 (8) Tourism, Arts and Heritage Cabinet:
 - 26 (a) Kentucky Department of Tourism.
 - 27 1. Division of Tourism Services.

- 1 2. Division of Marketing and Administration.
- 2 3. Division of Communications and Promotions.
- 3 (b) Kentucky Department of Parks.
- 4 1. Division of Information Technology.
- 5 2. Division of Human Resources.
- 6 3. Division of Financial Operations.
- 7 4. Division of Purchasing.
- 8 5. Division of Facilities.
- 9 6. Division of Park Operations.
- 10 7. Division of Sales, Marketing, and Customer Service.
- 11 8. Division of Engagement.
- 12 9. Division of Food Services.
- 13 10. Division of Rangers.
- 14 (c) Department of Fish and Wildlife Resources.
- 15 1. Division of Law Enforcement.
- 16 2. Division of Administrative Services.
- 17 3. Division of Engineering, Infrastructure, and Technology.
- 18 4. Division of Fisheries.
- 19 5. Division of Information and Education.
- 20 6. Division of Wildlife.
- 21 7. Division of Marketing.
- 22 (d) Kentucky Horse Park.
- 23 1. Division of Support Services.
- 24 2. Division of Buildings and Grounds.
- 25 3. Division of Operational Services.
- 26 (e) Kentucky State Fair Board.
- 27 1. Office of Administrative and Information Technology Services.

- 1 2. Office of Human Resources and Access Control.
- 2 3. Division of Expositions.
- 3 4. Division of Kentucky Exposition Center Operations.
- 4 5. Division of Kentucky International Convention Center.
- 5 6. Division of Public Relations and Media.
- 6 7. Division of Venue Services.
- 7 8. Division of Personnel Management and Staff Development.
- 8 9. Division of Sales.
- 9 10. Division of Security and Traffic Control.
- 10 11. Division of Information Technology.
- 11 12. Division of the Louisville Arena.
- 12 13. Division of Fiscal and Contract Management.
- 13 14. Division of Access Control.
- 14 (f) Office of the Secretary.
 - 15 1. Office of Finance.
 - 16 2. Office of Government Relations and Administration.
- 17 (g) Office of Legal Affairs.
- 18 (h) Office of Human Resources.
- 19 (i) Office of Public Affairs and Constituent Services.
- 20 (j) Office of Arts and Cultural Heritage.
- 21 (k) Kentucky African-American Heritage Commission.
- 22 (l) Kentucky Foundation for the Arts.
- 23 (m) Kentucky Humanities Council.
- 24 (n) Kentucky Heritage Council.
- 25 (o) Kentucky Arts Council.
- 26 (p) Kentucky Historical Society.
 - 27 1. Division of Museums.

- 1 2. Division of Oral History and Educational Outreach.
- 2 3. Division of Research and Publications.
- 3 4. Division of Administration.
- 4 (q) Kentucky Center for the Arts.
- 5 1. Division of Governor's School for the Arts.
- 6 (r) Kentucky Artisans Center at Berea.
- 7 (s) Northern Kentucky Convention Center.
- 8 (t) Eastern Kentucky Exposition Center.
- 9 (9) Personnel Cabinet:
- 10 (a) Office of the Secretary.
- 11 (b) Department of Human Resources Administration.
- 12 (c) Office of Employee Relations.
- 13 (d) Kentucky Public Employees Deferred Compensation Authority.
- 14 (e) Office of Administrative Services.
- 15 (f) Office of Legal Services.
- 16 (g) Governmental Services Center.
- 17 (h) Department of Employee Insurance.
- 18 (i) Office of Diversity, Equality, and Training.
- 19 (j) Office of Public Affairs.
- 20 (10) Education and Labor Cabinet:
- 21 (a) Office of the Secretary.
- 22 1. Office of Legal Services.
- 23 a. Workplace Standards Legal Division.
- 24 b. Workers' Claims Legal Division.
- 25 c. Workforce Development Legal Division.
- 26 2. Office of Administrative Services.
- 27 a. Division of Human Resources Management.

- 1 b. Division of Fiscal Management.
- 2 c. Division of Operations and Support Services.
- 3 3. Office of Technology Services.
- 4 a. Division of Information Technology Services.
- 5 4. Office of Policy and Audit.
- 6 5. Office of Legislative Services.
- 7 6. Office of Communications.
- 8 7. Office of the Kentucky Center for Statistics.
- 9 8. Board of the Kentucky Center for Statistics.
- 10 9. Early Childhood Advisory Council.
- 11 10. Governors' Scholars Program.
- 12 11. Governor's School for Entrepreneurs Program.
- 13 12. Foundation for Adult Education.
- 14 (b) Department of Education.
- 15 1. Kentucky Board of Education.
- 16 2. Kentucky Technical Education Personnel Board.
- 17 3. Education Professional Standards Board.
- 18 (c) Board of Directors for the Center for School Safety.
- 19 (d) Department for Libraries and Archives.
- 20 (e) Kentucky Environmental Education Council.
- 21 (f) Kentucky Educational Television.
- 22 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 23 (h) Department of Workforce Development.
- 24 1. Career Development Office.
- 25 2. Office of Vocational Rehabilitation.
- 26 a. Division of Kentucky Business Enterprise.
- 27 b. Division of the Carl D. Perkins Vocational Training Center.

- 1 c. Division of Blind Services.
- 2 d. Division of Field Services.
- 3 e. Statewide Council for Vocational Rehabilitation.
- 4 f. Employment First Council.
- 5 3. Office of Employer and Apprenticeship Services.
- 6 a. Division of Apprenticeship.
- 7 4. Kentucky Apprenticeship Council.
- 8 5. Division of Technical Assistance.
- 9 6. Office of Adult Education.
- 10 7. Office of the Kentucky Workforce Innovation Board.
- 11 (i) Department of Workplace Standards.
 - 12 1. Division of Occupational Safety and Health Compliance.
 - 13 2. Division of Occupational Safety and Health Education and
 - 14 Training.
 - 15 3. Division of Wages and Hours.
- 16 (j) Office of Unemployment Insurance.
- 17 (k) Kentucky Unemployment Insurance Commission.
- 18 (l) Department of Workers' Claims.
 - 19 1. Division of Workers' Compensation Funds.
 - 20 2. Office of Administrative Law Judges.
 - 21 3. Division of Claims Processing.
 - 22 4. Division of Security and Compliance.
 - 23 5. Division of Specialist and Medical Services.
 - 24 6. Workers' Compensation Board.
- 25 (m) Workers' Compensation Funding Commission.
- 26 (n) Kentucky Occupational Safety and Health Standards Board.
- 27 (o) State Labor Relations Board.

- 1 (p) Employers' Mutual Insurance Authority.
- 2 (q) Kentucky Occupational Safety and Health Review Commission.
- 3 (r) Workers' Compensation Nominating Committee.
- 4 (s) Office of Educational Programs.
- 5 (t) Kentucky Workforce Innovation Board.
- 6 (u) Kentucky Commission on Proprietary Education.
- 7 (v) Kentucky Work Ready Skills Advisory Committee.
- 8 (w) Kentucky Geographic Education Board.

9 III. Other departments headed by appointed officers:

- 10 (1) Council on Postsecondary Education.
- 11 (2) Department of Military Affairs.
- 12 (3) Department for Local Government.
- 13 (4) Kentucky Commission on Human Rights.
- 14 (5) Kentucky Commission on Women.
- 15 (6) Department of Veterans' Affairs.
- 16 (7) Kentucky Commission on Military Affairs.
- 17 (8) Office of Minority Empowerment.
- 18 (9) Governor's Council on Wellness and Physical Activity.
- 19 (10) Kentucky Communications Network Authority.

20 ➔Section 11. KRS 13A.250 is amended to read as follows:

- 21 (1) An administrative body that promulgates an administrative regulation shall consider
22 the cost that the administrative regulation may cause state or local government and
23 regulated entities to incur.
- 24 (2) (a) A two (2) part cost analysis shall be completed for each administrative
25 regulation.
- 26 (b) The first part of the cost analysis shall include the projected cost or cost
27 savings to the Commonwealth of Kentucky and each of its affected agencies,

1 and the projected cost or cost savings to affected local governments, including
2 cities, counties, fire departments, and school districts.

3 (c) The second part of the cost analysis shall include the projected cost or cost
4 savings to the regulated entities affected by the administrative regulation.

5 (d) Agencies or entities affected by the administrative regulation may submit
6 comments in accordance with KRS 13A.270(1) to the promulgating
7 administrative body or to a legislative committee reviewing the administrative
8 regulation.

9 (3) Each administrative body that promulgates an administrative regulation shall
10 prepare and submit with the administrative regulation a fiscal note. The fiscal note
11 shall state:

12 (a) The number of the administrative regulation;

13 (b) The name, e-mail address, and telephone number of the contact person of the
14 administrative body identified pursuant to KRS 13A.220(6)(d), and, if
15 applicable, the name, e-mail address, and telephone number of an alternate
16 person to be contacted with specific questions about the fiscal note;

17 (c) Each unit, part, or division of state or local government the administrative
18 regulation will affect;

19 (d) In detail, the aspect or service of state or local government to which the
20 administrative regulation relates, including identification of the applicable
21 state or federal statute or regulation that mandates the aspect or service or
22 authorizes the action taken by the administrative regulation;

23 (e) The estimated effect of the administrative regulation on the expenditures and
24 revenues of a state or local government agency or regulated entity for the first
25 full year the administrative regulation will be in effect. ~~The~~ ~~if specific dollar~~
26 ~~estimates cannot be determined, the~~ administrative body shall provide a
27 ~~brief~~ narrative to explain the fiscal impact of the administrative regulation

1 *and the methodology and resources it used to determine the fiscal impact;*

2 and

3 (f) The conclusion of the promulgating administrative body as to whether the
4 administrative regulation will have a major economic impact, as defined in
5 KRS 13A.010, to state and local government and regulated entities, *and an*
6 *explanation of the methodology and resource used by the administrative*
7 *body to reach this conclusion.*

8 (4) Any administrative body may request the advice and assistance of the Commission
9 in the preparation of the fiscal note.

10 ➔Section 12. KRS 304.3-705 is amended to read as follows:

11 (1) Except as provided in subsection (2) of this section, on or before December 31,
12 2025, a person may apply to the department for admission to the sandbox by
13 submitting an application in the form prescribed by the commissioner, accompanied
14 by the following:

15 (a) A filing fee of seven hundred fifty dollars (\$750);

16 (b) A detailed description of the innovation, which shall include:

17 1. An explanation of how the innovation will:

18 a. Add value to customers and serve the public interest;

19 b. Be economically viable for the applicant;

20 c. Provide suitable consumer protection; and

21 d. Not pose an unreasonable risk of consumer harm;

22 2. A detailed description of the statutory and regulatory issues that may
23 prevent the innovation from being currently utilized, issued, sold,
24 solicited, distributed, or advertised in the market;

25 3. A description of how the innovation functions and the manner in which
26 it will be offered or provided;

27 4. If the innovation involves the use of software, hardware, or other

- 1 technology developed for the purpose of implementing or operating it, a
2 technical white paper setting forth a description of the operation and
3 general content of technology to be utilized, including:
- 4 a. The problem addressed by that technology; and
 - 5 b. The interaction between that technology and its users;
- 6 5. If the innovation involves the issuance of a policy of insurance, a
7 statement that either:
- 8 a. If the applicant will be the insurer on the policy, that the applicant
9 holds a valid certificate of authority and is authorized to issue the
10 insurance coverage in question; or
 - 11 b. If some other person will be the insurer on the policy, that the
12 other person holds a valid certificate of authority and is authorized
13 to issue the insurance coverage in question; and
- 14 6. A statement by an officer of the applicant certifying that no product,
15 process, method, or procedure substantially similar to the innovation has
16 been used, sold, licensed, or otherwise made available in this
17 Commonwealth before the effective filing date of the application;
- 18 (c) The name, contact information, and bar number of the applicant's insurance
19 regulatory counsel, which shall be a person with experience providing
20 insurance regulatory compliance advice;
 - 21 (d) A detailed description of the specific conduct that the applicant proposes
22 should be permitted by the limited no-action letter;
 - 23 (e) Proposed terms and conditions to govern the applicant's beta test, which shall
24 include:
 - 25 1. Citation to the provisions of Kentucky law that should be excepted in
26 the notice of acceptance issued under KRS 304.3-710(6); and
 - 27 2. Any request for an extension of the time period for a beta test under

- 1 KRS 304.3-720(1) and the grounds for the request;
- 2 (f) Proposed metrics by which the department may reasonably test the
- 3 innovation's utility during the beta test;
- 4 (g) Disclosure of all:
- 5 1. Persons who are directors and executive officers of the applicant;
- 6 2. General partners of the applicant if the applicant is a limited partnership;
- 7 3. Members of the applicant if the applicant is a limited liability applicant;
- 8 4. Persons who are beneficial owners of ten percent (10%) or more of the
- 9 voting securities of the applicant;
- 10 5. Other persons with direct or indirect power to direct the management
- 11 and policies of the applicant by contract, other than a commercial
- 12 contract for goods or nonmanagement services; and
- 13 6. Conflicts of interest with respect to any person listed in this paragraph
- 14 and the department;
- 15 (h) A statement that the applicant has funds of at least twenty-five thousand
- 16 dollars (\$25,000) available to guarantee its financial stability through one (1)
- 17 or a combination of any of the following:
- 18 1. A contractual liability insurance policy;
- 19 2. A surety bond issued by an authorized surety;
- 20 3. Securities of the type eligible for deposit by authorized insurers in this
- 21 Commonwealth;
- 22 4. Evidence that the applicant has established an account payable to the
- 23 commissioner in a federally insured financial institution in this
- 24 Commonwealth and has deposited money of the United States in an
- 25 amount equal to the amount required by this paragraph that is not
- 26 available for withdrawal, except by direct order of the commissioner;
- 27 5. A letter of credit issued by a qualified United States financial institution

- 1 as defined in KRS 304.9-700; or
- 2 6. Another form of security authorized by the commissioner; and
- 3 (i) A statement confirming that the applicant is not seeking authorization for, nor
- 4 shall it engage in, any conduct that would render the applicant unauthorized to
- 5 make an application under subsection (2) of this section.
- 6 (2) (a) The following persons shall not be authorized to make an application to the
- 7 department for admission to the sandbox:
- 8 1. Any person seeking to sell or license an insurance innovation directly to
- 9 any federal, state, or local government entity, agency, or instrumentality
- 10 as the insured person or end user of the innovation;
- 11 2. Any person seeking to sell, license, or use an insurance innovation that
- 12 is not in compliance with subsection (1)(b)5. of this section;
- 13 3. Any person seeking to make an application that would result in the
- 14 person having more than five (5) active beta tests ongoing within the
- 15 Commonwealth at any one (1) time; and
- 16 4. Any person seeking a limited or extended no-action letter or exemption
- 17 from any administrative regulation or statute concerning:
- 18 a. Assets, deposits, investments, capital, surplus, or other solvency
- 19 requirements applicable to insurers;
- 20 b. Required participation in any assigned risk plan, residual market,
- 21 or guaranty fund;
- 22 c. Any licensing or certificate of authority requirements; or
- 23 d. The application of any taxes or fees.
- 24 (b) For the purposes of this subsection, "federal, state, or local government entity,
- 25 agency, or instrumentality" includes any county, city, municipal corporation,
- 26 urban-county government, charter county government, consolidated local
- 27 government, unified local government, special district, special purpose

1 governmental entity, public school district, or public institution of education
 2 **(3) Notwithstanding any other provision of this chapter, a person regulated under**
 3 **this chapter may participate in the regulatory sandbox described in Section 4 of**
 4 **this Act if the person is:**
 5 **(a) Not authorized to make an application under this section; or**
 6 **(b) Seeking regulatory relief that is not available under KRS 304.3-700 to**
 7 **304.3-735.**

8 ➔Section 13. The initial appointments to the General Regulatory Sandbox
 9 Advisory Committee established in Section 2 of this Act shall be staggered to provide
 10 continuity, as follows:

- 11 (1) Four members shall serve a term of three years;
- 12 (2) Four members shall serve a term of two years; and
- 13 (3) Four members shall serve a term of one year.