

What Is a **REGULATORY SANDBOX?**

THE PROBLEM

As human progress has been moving forward by leaps and bounds in recent decades, government regulates nearly everything.

States follow this pattern, creating thousands of regulations and penalties and almost never repealing outdated rules. This hurts businesses, yes, but also the end consumer.



There are 200,000 pages of federal code!

HOW CAN A SANDBOX HELP?

1. It provides a space for entrepreneurs and innovators, from small start-ups to large corporations, to try new ways of doing things without excessive, outdated regulations.
2. Sandboxes allow regulators the flexibility to safely monitor and foster new ideas instead of simply shutting them down.
3. A universal regulatory sandbox is big enough to include all industries—especially future industries that no one has thought of yet.



WHERE THINGS STAND NOW

➔ 11 states have **industry-targeted** sandboxes.

The concept started in the UK in 2016 for financial technology innovations and quickly spread to other countries. In the US, several states targeted the fintech, insurance, and property technology industries while more states have begun to look at the industries of agriculture, healthcare, and energy.

➔ Industry-specific sandboxes are a good way to start, but not the end goal.

Rather than picking winners and losers, a **universal** sandbox benefits the entire economy by providing flexibility to all industries, creating a fair process that boosts economic growth while empowering businesses both big and small. Three states (Arizona, Kentucky, and Utah) now have these broad sandboxes.

➔ Outdated and unnecessary regulations don't just hurt businesspeople.

We can't know how many business ideas either fail or aren't attempted due to archaic regulations that are inapplicable to modern models. Sandboxes let businesses do what they do best: **solve problems for consumers.**

SAFETY AND OPPORTUNITY

➔ Public health, safety, and financial well-being **are** protected within a regulatory sandbox. Libertas Institute has worked with a wide range of regulators and partners to ensure our model policy protects the health, safety, and well-being of consumers while still allowing for dynamic innovation.

➔ Your state can lead on this issue. The future economy provides regulatory flexibility to encourage innovations that benefit our lives. Your state can join this effort by expanding its regulatory sandboxes to include more industries.



Boost your state's economic development by helping businesses test out innovative ideas with added flexibility from regulators. Our model legislation will help you create a regulatory sandbox, for one or every industry.