

**House File 2106 - Introduced**

HOUSE FILE 2106

BY WILLS

**A BILL FOR**

1 An Act providing for a regulatory relief program.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15E.22 Regulatory relief office.

2 1. The authority shall establish a regulatory relief office  
3 under the control of the director of the authority.

4 2. The regulatory relief office shall have all of the  
5 following duties:

6 a. Administer the regulatory relief program as described in  
7 section 15E.24.

8 b. Act as a liaison between private businesses and  
9 applicable state agencies to identify state laws or regulations  
10 that could potentially be waived or suspended under the  
11 regulatory relief program.

12 3. The regulatory relief office may do any of the following:

13 a. Review state laws and regulations that may unnecessarily  
14 inhibit the creation and success of new companies or industries  
15 and provide recommendations to the governor and the general  
16 assembly on modifying such state laws and regulations.

17 b. Create a framework for analyzing the risk level to  
18 the health, safety, and financial well-being of consumers  
19 related to permanently removing or temporarily waiving laws  
20 and regulations inhibiting the creation or success of new and  
21 existing companies or industries.

22 c. Propose potential reciprocity agreements between states  
23 that use or are proposing to use similar regulatory relief  
24 programs as described in this subchapter.

25 4. By October 1 of each year, the regulatory relief office  
26 shall issue a written annual report on the activities of the  
27 office, which report must include all of the following:

28 a. Information regarding each participant in the regulatory  
29 relief program, including which industries each participant  
30 represents and the anticipated or actual cost savings that each  
31 participant experienced.

32 b. Recommendations regarding any laws or regulations that  
33 should be permanently modified.

34 c. Information regarding outcomes for consumers.

35 d. Recommendations for changes to the regulatory relief

1 program or other duties of the regulatory relief office.

2 5. The authority shall adopt rules pursuant to chapter  
3 17A as necessary for purposes of establishing the office and  
4 implementing the requirements of the regulatory relief program.

5 Sec. 2. NEW SECTION. 15E.23 Regulatory relief advisory  
6 committee.

7 1. The authority shall establish a regulatory relief  
8 advisory committee consisting of thirteen members, including  
9 nine voting members and four ex officio nonvoting members. The  
10 advisory committee shall be composed of all of the following:

11 a. Nine voting members, appointed by the director of the  
12 authority, as follows:

13 (1) Six members who represent business interests.

14 (2) Three members who represent state agencies that  
15 regulate businesses.

16 b. The nonvoting members of the committee shall be two state  
17 representatives, one appointed by the speaker of the house of  
18 representatives and one by the minority leader of the house of  
19 representatives, and two state senators, one appointed by the  
20 majority leader of the senate and one by the minority leader  
21 of the senate.

22 2. The director of the authority shall, on an annual basis,  
23 designate the chairperson of the advisory committee. Members  
24 of the advisory committee appointed by the director shall serve  
25 four-year staggered terms as determined by the director.

26 3. A majority of the voting members of the advisory  
27 committee constitutes a quorum for the purpose of conducting  
28 advisory committee business, and the action of the majority of  
29 a quorum constitutes the action of the advisory committee.

30 4. The advisory committee shall advise and make  
31 recommendations to the regulatory relief office concerning the  
32 regulatory relief program as described in section 15E.24.

33 Sec. 3. NEW SECTION. 15E.24 Regulatory relief program.

34 1. The regulatory review office shall establish a  
35 regulatory relief program. The purpose of the regulatory

1 relief program is to enable a business to obtain legal  
2 protections and limited access to the market in this state to  
3 demonstrate an innovative offering without obtaining a license  
4 or other authorization that might otherwise be required.

5 2. *a.* The regulatory review office shall establish a  
6 process for purposes of receiving applications from businesses  
7 to participate in the regulatory relief program.

8 *b.* The application must include a description of the  
9 innovative offering to be demonstrated by the participant, to  
10 include all of the following information:

11 (1) Statements from the applicant on how the offering is  
12 subject to licensing, legal prohibition, or other authorization  
13 requirements.

14 (2) Identification of each law or regulation that the  
15 applicant seeks to have waived or suspended while participating  
16 in the regulatory relief program.

17 (3) How the innovative offering would benefit consumers.

18 (4) What risks might exist for consumers who use or purchase  
19 the offering.

20 (5) How participating in the regulatory relief program  
21 would enable a successful demonstration of the offering.

22 (6) A description of the proposed demonstration plan for the  
23 offering, including estimated time periods for beginning and  
24 ending the demonstration.

25 (7) How the applicant will end the demonstration and protect  
26 consumers if the demonstration fails.

27 (8) A list of each state agency, if any, that the applicant  
28 knows regulates the applicant's business relative to the  
29 offering.

30 (9) Disclosure of criminal convictions of the applicant  
31 or any person who seeks to participate with the applicant in  
32 demonstrating an offering.

33 (10) Such other information as the regulatory review office  
34 requires.

35 3. Upon receipt of an application to participate in the

1 regulatory relief program, the regulatory relief office shall  
2 acknowledge receipt of the application, forward information  
3 in the application to affected state agencies for review, and  
4 notify the applicant which state agencies will review the  
5 application.

6 4. Each state agency in receipt of an application to  
7 participate in the regulatory relief program shall, in a timely  
8 fashion, submit a written report to the regulatory relief  
9 office which includes a recommendation to the regulatory  
10 relief office that the applicant either be admitted or denied  
11 participation in the program. The written report shall include  
12 reasons for the determination by the state agency.

13 a. A state agency shall recommend that the applicant be  
14 admitted into the regulatory relief program if the agency  
15 determines that the consumer's or public's health, safety, or  
16 financial well-being can be protected through less-restrictive  
17 means than the existing relevant laws or regulations. The  
18 written report shall provide a recommendation of how that can  
19 be achieved.

20 b. A state agency shall recommend that the applicant be  
21 denied participation in the regulatory relief program if the  
22 state agency determines that a temporary waiver or suspension  
23 of the relevant laws or regulations would potentially  
24 significantly harm the health, safety, or financial well-being  
25 of consumers or the public and the harm is likely to occur  
26 or would create unreasonable expenses for taxpayers in the  
27 state. A state agency may also recommend that the applicant be  
28 denied participation in the regulatory relief program if the  
29 state agency determines, in the state agency's sole discretion,  
30 that the applicant's innovative offering fails to comply  
31 with standards or specifications required by federal law or  
32 regulation or previously approved for use by a federal agency.  
33 The written report must include reasons for the determination  
34 by the state agency that the applicant be denied participation  
35 in the program.

1     *c.* If a state agency recommends that an applicant be  
2 denied participation in the regulatory relief program, the  
3 regulatory relief office shall deny the application and notify  
4 the applicant.

5     5. *a.* Upon receipt of written reports by applicable state  
6 agencies that do not recommend denial of the application,  
7 the regulatory review office shall review the application to  
8 determine whether to accept the applicant into the regulatory  
9 review program. The regulatory review office shall provide  
10 the application and written reports to the regulatory relief  
11 advisory committee which shall review the application and  
12 written reports and submit a recommendation to the office  
13 regarding the application. The regulatory relief office may  
14 also seek information from affected state agencies in making a  
15 decision on whether to accept the applicant into the program.  
16 The consultation with each applicable state agency may include  
17 seeking information about whether the applicable state agency  
18 has previously issued a license or other authorization to  
19 the applicant and whether the applicable state agency has  
20 previously investigated, sanctioned, or pursued legal action  
21 against the applicant.

22     *b.* In reviewing an application under this section, the  
23 regulatory relief office shall consider all of the following:

24       (1) Whether a competitor of the applicant is or has been a  
25 participant in the regulatory relief program and, if so, weigh  
26 that as a factor in favor of allowing the applicant to also  
27 become a participant in the regulatory relief program.

28       (2) Whether the applicant's plan will adequately protect  
29 consumers from potential harm identified by an applicable  
30 agency in the applicable agency's written report.

31       (3) Whether the risk of harm to consumers is outweighed  
32 by the potential benefits to consumers from the applicant's  
33 participation in the regulatory relief program.

34       (4) Whether certain state laws or regulations that regulate  
35 an offering should not be waived or suspended even if the

1 applicant is approved as a participant in the regulatory  
2 relief program, including applicable antifraud or disclosure  
3 provisions.

4 6. Following review of the application, the regulatory  
5 relief office shall notify the applicant, in writing, whether  
6 the regulatory relief office approves or denies the application  
7 for participation in the regulatory relief program. If  
8 the regulatory relief office director denies an application  
9 submitted under this section, the regulatory relief office  
10 shall provide to the applicant a written description of the  
11 reasons for not allowing the applicant to be a participant in  
12 the program.

13 7. If the regulatory relief office approves the  
14 application, the regulatory relief office shall enter into a  
15 written agreement with the applicant describing the specific  
16 laws and regulations that are waived or suspended as part of  
17 participation in the regulatory relief program. However,  
18 the regulatory relief office shall not enter into a written  
19 agreement with an applicant that waives or suspends a tax, fee,  
20 or charge that is administered by the department of revenue.  
21 The written agreement shall also not waive or suspend any law  
22 or regulation if waiving or suspending the law or regulation  
23 would prevent a consumer from seeking restitution in the event  
24 that the consumer is harmed. When an applicant is approved for  
25 participation in the program, the regulatory relief office may  
26 provide notice of the approval to the public.

27 8. *a.* If the regulatory relief office approves an  
28 application and enters into a written agreement with the  
29 applicant, the applicant shall be allowed to participate in  
30 the regulatory relief program. A participant in the program  
31 has twelve months after the day on which the application  
32 was approved to demonstrate the offering described in the  
33 participant's application.

34 *b.* A participant in the regulatory relief program is deemed  
35 to possess an appropriate license or other authorization under

1 the laws of the state for the purposes of any provision of  
2 federal law requiring licensure or other authorization by the  
3 state.

4 *c.* During the demonstration period, a participant in the  
5 regulatory relief program is not subject to the enforcement of  
6 state laws or regulations identified in the written agreement  
7 between the regulatory relief office and the participant in the  
8 program. However, a participant in the program does not have  
9 immunity related to any criminal offense committed during the  
10 participant's participation in the regulatory relief program.

11 *d.* During the demonstration period, a participant in the  
12 regulatory relief program shall provide notice to consumers  
13 regarding the participant's participation in the program in a  
14 manner as prescribed by the regulatory relief office.

15 *e.* During the demonstration period, a participant in the  
16 regulatory relief program shall retain records, documents, and  
17 data produced in the ordinary course of business regarding  
18 an offering demonstrated in the program. The regulatory  
19 relief office may request records, documents, and data from a  
20 participant and, upon the regulatory relief office's request,  
21 the participant shall make such records, documents, and data  
22 available for inspection by the regulatory relief office.

23 *f.* A participant in the regulatory relief program shall be  
24 required to submit quarterly reports and a final report at the  
25 conclusion of the demonstration period to the regulatory relief  
26 office containing such information as the office may require  
27 regarding the participant's participation in the program. The  
28 participant shall also notify the regulatory relief office  
29 and each applicable state agency of any incidents that result  
30 in harm to the health, safety, or financial well-being of a  
31 consumer during the demonstration period.

32 *g.* If a participant in the regulatory relief program ceases  
33 to provide an offering before the end of the demonstration  
34 period, the participant shall notify the regulatory relief  
35 office and shall no longer be granted the authority provided in



1 the written agreement.

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

8 9. At least thirty days before the end of the twelve-month  
9 demonstration period, a participant shall notify the regulatory  
10 relief office that the participant will exit the regulatory  
11 relief program and discontinue the participant's demonstration  
12 on the day the twelve-month demonstration period ends or shall  
13 seek an extension from the regulatory relief office to continue  
14 participation in the program. If the participant seeks an  
15 extension, the regulatory relief office shall grant or deny  
16 a request for an extension by the end of the demonstration  
17 period. The regulatory relief office may grant an extension in  
18 accordance with this section for not more than twelve months  
19 after the end of the initial demonstration period.

20 10. The regulatory relief office and employees of the  
21 regulatory relief office are not liable for any business losses  
22 or the recouping of application expenses or other expenses  
23 related to the regulatory relief program, including for denying  
24 an applicant's application to participate in the program for  
25 any reason or ending a participant's participation in the  
26 regulatory relief program at any time and for any reason.

27

EXPLANATION

28 The inclusion of this explanation does not constitute agreement with  
29 the explanation's substance by the members of the general assembly.

30 This bill establishes a regulatory relief program,  
31 administered by a regulatory relief office which is created by  
32 the bill.

33 New Code section 15E.22 requires the economic development  
34 authority to establish a regulatory relief office under the  
35 control of the director of the authority. The bill establishes

1 the duties of the office to include administering the  
2 regulatory relief program created by the bill. The office is  
3 also required to issue an annual written report concerning the  
4 activities of the office. The bill provides that the economic  
5 development authority shall adopt rules for purposes of the  
6 office and the regulatory relief program.

7 New Code section 15E.23 establishes a 13-member regulatory  
8 relief advisory committee. The committee shall consist  
9 of nine voting members, appointed by the director of the  
10 economic development authority, which shall include six  
11 members representing business and three members representing  
12 state agencies that regulate businesses, and four nonvoting  
13 legislative members. The bill provides that the director of  
14 the economic development authority designate the chair of the  
15 advisory committee. The advisory committee is responsible for  
16 advising and making recommendations to the regulatory relief  
17 office regarding the regulatory relief program.

18 New Code section 15E.24 establishes the regulatory relief  
19 program. The bill provides that the purpose of the program is  
20 to enable businesses to obtain legal protections and limited  
21 access to the market in this state to demonstrate an innovative  
22 offering without obtaining a license or other authorization  
23 that might otherwise be required. The bill establishes the  
24 process by which a business may apply to participate in the  
25 program. The bill describes the information required to be  
26 included in an application to the regulatory relief office for  
27 participation in the program. Applications for participation  
28 in the program shall be forwarded by the regulatory relief  
29 office to affected state agencies who will issue a written  
30 report recommending acceptance or rejection of the application.  
31 A state agency rejection of an application will result in  
32 denial of the application. If no state agency recommends  
33 rejection, the regulatory relief office shall forward the  
34 application and the written reports to the regulatory relief  
35 advisory committee who shall review the information and

1 submit a recommendation to the office. The regulatory review  
2 office shall either accept or deny the application and shall  
3 notify the applicant of the decision. If the application is  
4 accepted, the regulatory relief agency shall enter into a  
5 written agreement with the applicant describing the specific  
6 laws and regulations that are waived or suspended as part of  
7 the program. Participation in the program shall be for a  
8 demonstration period of 12 months. The bill specifies various  
9 reporting and disclosure requirements for a participant in the  
10 program. The bill allows the regulatory relief office to end a  
11 participant's participation in the program at any time. The  
12 bill also permits a participant in the program to request an  
13 extension of the program for not more than 12 months after the  
14 end of the initial demonstration period. Finally, the bill  
15 provides that the regulatory relief office and employees of the  
16 regulatory relief office are not liable for any business losses  
17 or the recouping of application expenses or other expenses  
18 related to the regulatory relief program.