



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, Second Regular Session*

FACT SHEET FOR H.B. 2731

regulatory sandbox; expansion

Purpose

Expands the Regulatory Sandbox Program (RSP) to include innovations other than financial products or services.

Background

In 2018, the Legislature established the RSP ([Laws 2018, Ch. 44](#)). The Attorney General (AG) must establish, in consultation with applicable agencies, an RSP to enable persons to obtain limited access to the Arizona market to test innovative financial products or services without obtaining a license or other authorization ([A.R.S. § 41-5602](#)). The AG oversees the RSP and accepts or denies applications from potential RSP participants. Applicants are required to demonstrate adequate understanding of the innovation and a sufficient plan to test, monitor and assess the innovation while ensuring consumers are protected from a test's failure ([A.R.S. § 41-5603](#)). Upon application approval, an applicant is deemed an RSP participant and given 24 months to test the innovative financial products or services described in the application ([A.R.S. § 41-5604](#)).

An RSP participant must retain records, documents and data produced in the ordinary course of business regarding an innovative financial product or service tested in the RSP. If an innovation fails before the end of the testing period, the RSP participant must notify the AG and report on actions taken to ensure consumers have not been harmed as a result of the innovation's failure ([A.R.S. § 41-5609](#)). Before the 24-month testing period ends, an RSP participant must notify the AG that the RSP participant will exit the RSP and cease offering any innovative products or services within 60 days after the 24-month testing period ends or seek an extension in order to pursue a license or other authorization required by law ([A.R.S. § 41-5607](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Expands the RSP to include innovations other than financial products or services.
2. Modifies the definition of *innovation* by removing the specification on providing a financial product or service or a substantial component of a financial product or service.
3. Makes technical and conforming changes.
4. Becomes effective on the general effective date.

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House Action

COM	2/15/22	DP	10-0-0-0
3 <sup>rd</sup> Read	2/23/22		39-20-1

Prepared by Senate Research

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JT/sr