

**A BILL TO BE ENTITLED
AN ACT**

To provide for the establishment of a Space Innovation Office and a space industry regulatory sandbox within the (INSERT RELEVANT STATE AGENCY); to provide for definitions; to allow temporary waivers of state and local laws or regulations for sandbox participants in the space industry; to establish qualifications and processes for participation; to create an advisory committee with legislative, industry, and agency representation, including temporary local and additional appointees for applications involving local laws and regulations or requiring expertise outside of the advisory committee's sitting members; to ensure consumer protections; to provide for reporting and transparency; to ensure implementation of sandbox recommendations; to allow participants to automatically remain in the sandbox indefinitely if necessary regulatory changes are not made; and for other purposes.

BE IT ENACTED BY THE LEGISLATURE OF (INSERT STATE NAME):

SECTION 1. Short Title

[(INSERT RELEVANT STATE CODE)]

This act may be cited as the "Space Industry Regulatory Sandbox Act."

SECTION 2. Definitions

[(INSERT RELEVANT STATE CODE)]

As used in this act:

- **(a)** "Advisory committee" means the Space Industry Regulatory Sandbox Advisory Committee created in Section 4.
- **(b)** "Applicable agency" means a department or agency of the state or a local government that regulates business activities related to the space industry, which the Space Innovation Office determines would otherwise regulate a sandbox participant.
- **(c)** "Applicant" means a person that applies to participate in the regulatory sandbox.
- **(d)** "Consumer" means a person or entity that purchases or provides a good, service, or enters into a transaction of any kind to receive or provide an offering from or to a sandbox participant during the demonstration.
- **(e)** "Demonstrate" or "demonstration" means to temporarily provide an offering under the regulatory sandbox program described in this act.

- **(f)** "Director" means the director of the Space Innovation Office created in Section 3.
- **(g)** "Innovation" means the use of a new or existing idea, technology, or method to address a problem, provide a benefit, or offer a product, production method, or service in the space industry.
- **(h)** "Offering" means a product, production method, or service in the space industry that includes an innovation.
- **(i)** "Person" means an individual, a corporation, partnership, limited liability company, association, trust, unincorporated organization, or other legal entity or organization, or a government body.
- **(j)** "Space Innovation Office" means the Space Innovation Office created in Section 3.
- **(k)** "Regulatory sandbox" means the Space Industry Regulatory Sandbox Program created in Section 5, allowing temporary waivers of state or local laws or regulations for demonstration purposes.
- **(l)** "Sandbox participant" means a person(s) or entity(ies) approved to participate in the regulatory sandbox under this act to offer an innovative offering.
- **(m)** "Space industry" means, but isn't limited to, the sector or sectors that are involved in the development, production, operation, or maintenance of space vehicles, satellites, space stations, or other space-related systems, including launch services, in-space servicing, assembly and manufacturing (ISAM), satellite communications, space tourism, and space research.

SECTION 3. Creation of Space Innovation Office

[(INSERT RELEVANT STATE CODE)]

- **(a)** There is created within the (INSERT RELEVANT STATE AGENCY) the Space Innovation Office.
- **(b)** The Space Innovation Office shall be administered by a director appointed by the (INSERT RELEVANT APPOINTING AUTHORITY).
- **(c)** The director shall report to the (INSERT RELEVANT OVERSIGHT AUTHORITY) and may appoint staff with the (INSERT RELEVANT AUTHORITY)'s approval.
- **(d)** The Space Innovation Office shall:
 - (1) Administer the provisions of this act;
 - (2) Administer the regulatory sandbox program;
 - (3) Act as a liaison between space industry businesses and applicable agencies to identify state and local laws or regulations that could be waived or suspended under the sandbox program;
 - (4) Consult with local governments when considering waivers of local laws and regulations; and

- (5) Respond to general inquiries from interested applicants within 30 days of receipt. If the inquiry requires input from an applicable agency, and the agency requests an extension, the response time may be extended by an additional 5 days.
 - (e) The Space Innovation Office may:
 - (1) Review state and local laws or regulations that inhibit space industry innovation and recommend modifications to the governor, localities, and legislature;
 - (2) Develop a framework to assess risks to consumer health, safety, and financial well-being from waiving such laws;
 - (3) Propose reciprocity agreements with states using similar sandbox programs; and
 - (4) Adopt rules under the (INSERT RELEVANT STATE ADMINISTRATIVE PROCEDURES ACT) to administer the sandbox, including application and reporting requirements.
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SECTION 4. Creation of Advisory Committee

[(INSERT RELEVANT STATE CODE)]

- (a) There is created the Space Industry Regulatory Sandbox Advisory Committee.
- (b) The advisory committee shall consist of nine members:
 - (1) One member of the (INSERT RELEVANT STATE LOWER HOUSE) from the majority party, appointed by the (INSERT RELEVANT APPOINTING AUTHORITY);
 - (2) One member of the (INSERT RELEVANT STATE LOWER HOUSE) from the minority party, appointed by the (INSERT RELEVANT APPOINTING AUTHORITY);
 - (3) One member of the (INSERT RELEVANT STATE UPPER HOUSE) from the majority party, appointed by the (INSERT RELEVANT APPOINTING AUTHORITY);
 - (4) One member of the (INSERT RELEVANT STATE UPPER HOUSE) from the minority party, appointed by the (INSERT RELEVANT APPOINTING AUTHORITY);
 - (5) Three members with expertise in the space industry, appointed by the governor; and
 - (6) Two members from state agencies with regulatory authority over space industry activities (e.g., (INSERT RELEVANT STATE AGENCIES)), appointed by the governor.

- **(b.1)** Notwithstanding the provisions of Subsection (b) of this section, the director may appoint up to three additional temporary members to the advisory committee for the review of an application that requires expertise outside of the advisory committee's sitting members or seeks to waive or suspend local laws or regulations, provided that:
 - (1) Each temporary member represents a county, municipality, or mayor's office with jurisdiction over the area affected by the proposed waiver; or
 - (2) Any area of relevant expertise to an application;
 - (3) Appointments are made in consultation with the sitting advisory committee members or applicable local government(s), which may nominate candidates within five days of notification by the Space Innovation Office;
 - (A) If no nomination is received by the sitting members of the advisory committee or applicable local government(s), the director may select a representative with relevant expertise for a particular application;
 - (4) Temporary members serve only for the duration of the review of the specific application, with the same voting rights and responsibilities as other committee members during that period; and
 - (5) The total number of committee members, including temporary appointees, shall not exceed twelve at any time.
- **(b.2)**
 - (1) No member of the advisory committee shall participate in any decision, discussion, or recommendation if the member has a conflict of interest.
 - (2) A conflict of interest exists if the member, or a member of the member's immediate family, has:
 - (A) A direct or indirect financial interest in an applicant or sandbox participant;
 - (B) Is employed by, or has a consulting relationship with, an applicant or sandbox participant; or
 - (C) Any other interests that could reasonably be expected to impair the member's ability to act impartially.
 - (3) Each member shall disclose any potential conflict of interest to the director of the Space Innovation Office prior to participating in any committee meeting, discussion, or decision related to an application or sandbox participant.
 - (4) If a conflict is disclosed or discovered, the member shall recuse themselves from any involvement in the matter, including discussions and votes.
 - (5) The director shall maintain a record of all disclosures and recusals while making them publicly available.
 - (6) Any person may submit a written complaint to the director alleging that a committee member has an undisclosed conflict of interest, and the director shall investigate the complaint and, if a conflict is found, require the member to recuse themselves from the relevant matter.

- **(c) Terms:**
 - (1) Non-legislative members appointed under Subsection (b) of this section shall serve four-year terms;
 - (2) Legislative members appointed under Subsection (b) of this section shall serve two-year terms;
 - (3) Temporary members appointed under Subsection (b.1) of this section shall serve only for the duration of the application review for which they are appointed.
- **(d)** The advisory committee shall annually select a chair from its members.
- **(e)** A majority of the advisory committee constitutes a quorum for the purpose of conducting advisory committee business, and the action of the majority of a quorum constitutes the action of the advisory committee.
- **(e.1)** Advisory committee members may attend meetings either in person or virtually, using telecommunication technologies that allow for real-time participation and voting.
- **(f)** The advisory committee shall:
 - (1) Advise the Space Innovation Office;
 - (2) Review and recommend approval or denial of sandbox applications; and
 - (3) Perform duties assigned by the director.
- **(g)** The Space Innovation Office shall provide administrative support.
- **(h) Compensation:**
 - (1) Non-legislative members, including temporary members appointed under Subsection (b.1) of this section, shall receive per diem and travel expenses in accordance with the (INSERT RELEVANT STATE CODE FOR PER DIEM AND MILEAGE);
 - (2) Legislative members shall receive compensation as provided by law.

SECTION 5. Regulatory Sandbox Program

[(INSERT RELEVANT STATE CODE)]

- **(a)** There is created in the Space Innovation Office the Space Industry Regulatory Sandbox Program.
- **(b)** The Space Innovation Office shall:
 - (1) Consult with applicable agencies and local governments;
 - (2) Enable persons to demonstrate offerings without requiring licenses or authorizations otherwise needed;
 - (3) Adopt best practices from federal or other state sandbox programs; and
 - (4) Consult with space industry businesses on sandbox proposals.
- **(c)** In order to qualify to participate, applicants shall submit to the Space Innovation Office:

- (1) Confirmation of state jurisdiction and a physical or virtual location in (INSERT STATE NAME);
- (2) Contact information and disclosure of any criminal convictions;
- (3) A description of the offering, its innovation, consumer benefits, risks, and laws and regulations to be temporarily waived;
- (4) A demonstration plan with estimated timelines; and
- (5) Any additional information requested by the Space Innovation Office.
- **(d)** The office may charge an application fee not exceeding \$300.
- **(e)** Upon receiving a complete application, the office shall, within five business days:
 - (1) Protect confidential information under the (INSERT RELEVANT STATE CODE FOR PUBLIC RECORDS);
 - (2) Consult applicable agencies and local governments, including notifying the relevant local entity of the opportunity to nominate temporary advisory committee members under Section 4(b.1) of this act within five days of receiving the application;
 - (3) Provide public notice of the application and laws and regulations under consideration; and
 - (4) Refer the application to applicable agencies.
- **(f)** Agencies shall provide a written report within 30 days, or within 35 days if temporary members are appointed under Section 4(b.1) of this act, assessing risks and recommending approval or denial.
- **(g)** The advisory committee shall review applications and agency reports, recommending action to the director.
- **(h)** The director may approve or deny applications, entering into agreements with approved applicants specifying waived laws and regulations and a 36-month demonstration period.
- **(i)** Denials may occur if significant risks are identified and are not subject to judicial review.
- **(j)** Participants must comply with federal laws.

SECTION 6. Scope of the Regulatory Sandbox

[(INSERT RELEVANT STATE CODE)]

- **(a)** Participants have 36 months to demonstrate offerings, with possible 12-month extensions approved by the office with advisory committee input.
- **(b)** Waived state and local laws and regulations are not enforced during this period, but other laws apply.

- (c) The office may revoke participation for cause (e.g., consumer harm, public safety, or lack of good faith progress).
 - (d) Participants must disclose to consumers that offerings are offered under the sandbox and may not meet all standards, providing office contact information for complaints.
 - (e) Participants remain liable for civil or criminal actions.
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SECTION 7. Record Keeping and Reporting

[(INSERT RELEVANT STATE CODE)]

- (a) Participants shall retain records and submit quarterly reports to the office on activities, progress, and consumer complaints.
 - (b) A final report is due within 45 days of a participant's intended exit, detailing outcomes and any consumer harm.
 - (c) The office shall include this data in an annual report to the legislature and governor.
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SECTION 8. Exiting the Sandbox

[(INSERT RELEVANT STATE CODE)]

- (a) Participants must notify the office 45 days before the demonstration ends, requesting an extension or indicating intent to exit.
 - (b) Upon exit, participants must comply with all laws and regulations or cease offering their product or service.
 - (c) If, at the conclusion of the demonstration period or any extension thereof, the necessary regulatory changes recommended as a result of the participant's final report under Section 7(b) have not been implemented by the relevant authorities (state legislature, applicable agencies, or local governments), the participant shall automatically remain in the regulatory sandbox indefinitely, continuing to operate under the waived laws and regulations, until such changes are enacted, or until the office revokes participation pursuant to Section 6(c).
 - (1) Participants remaining in the sandbox under this subsection shall continue to comply with all other requirements of the sandbox program, including record keeping, reporting, and consumer protection measures.
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SECTION 9. Implementation of Recommendations

[(INSERT RELEVANT STATE CODE)]

- **(a)** At least 30 days before the conclusion of each sandbox trial period, the Space Innovation Office shall prepare a detailed report outlining the outcomes of the trial, including any identified regulatory barriers and specific recommendations for reforms or repeals of state or local laws or regulations.
- **(b)** The report shall be made public and distributed to:
 - (1) The (INSERT RELEVANT LEGISLATIVE LEADERSHIP, e.g., Speaker of the House);
 - (2) (INSERT RELEVANT LEGISLATIVE LEADERSHIP, e.g., President Pro Tempore);
 - (3) (INSERT RELEVANT LEGISLATIVE COMMITTEE);
 - (4) (INSERT RELEVANT LEGISLATIVE COMMITTEE);
 - (5) All applicable agencies identified in the trial;
 - (6) Local governments affected by the trial; and
 - (7) The governor.
- **(c)** Within 90 days of receiving the report, the state legislature shall:
 - (1) Assign the report to a designated committee or task force for review; and
 - (2) Propose legislation to implement the recommended reforms or repeals, if deemed necessary by the committee.
- **(d)** Within 60 days of receiving the report, each applicable agency shall:
 - (1) Provide a written response to the Space Innovation Office detailing how it plans to implement the recommendations or explaining why implementation is not feasible; and
 - (2) Make this response public.
- **(e)** Local governments receiving the report shall, within 60 days, consider the recommendations relevant to their jurisdictions and provide a written response to the Space Innovation Office on their planned actions or reasons for inaction.
- **(f)** The Space Innovation Office shall:
 - (1) Hold a public hearing within 30 days of the report's release to discuss the findings and recommendations with stakeholders, including industry representatives and consumer advocates; and
 - (2) Track the implementation of recommendations and include a progress update in its annual report to the legislature and governor.
- **(g)** If the state legislature, applicable agencies, or local governments fail to take action on the recommendations within the specified timeframes, the Space Innovation Office shall include this information in its annual report, along with an analysis of the impact of inaction on innovation and consumer protection.

SECTION 10. Annual Report

[(INSERT RELEVANT STATE CODE)]

The Space Innovation Office shall submit and make publicly available an annual report to the (INSERT RELEVANT LEGISLATIVE LEADERSHIP AND COMMITTEES), all applicable agencies identified in the trial(s), local governments affected by the trials, and the governor on sandbox activities, outcomes, and recommendations on reforms or repeals of state and local laws and regulations, including progress on the implementation of recommendations as required under Section 9.

SECTION 11. Rulemaking Authority

[(INSERT RELEVANT STATE CODE)]

The Space Innovation Office may adopt rules under the (INSERT RELEVANT STATE ADMINISTRATIVE PROCEDURES ACT) to implement this act.

SECTION 12. Effective Date

[Not codified]

This act takes effect on (Insert Effective Date).

To learn more about this model language, please contact Rees Empey at rees@libertas.org or Jim Dunstan at jdunstan@techfreedom.org.

Model language provided by Libertas Institute and TechFreedom