



Chair Tarwater and Members of the Committee,

On behalf of the Americans for Prosperity Kansas Chapter, we appreciate this opportunity to submit testimony supporting HB 2821. HB 2821 creates the regulatory relief division within the office of the attorney general and establishes the general regulatory sandbox program to waive or suspend state statutes and rules and regulations for program participants.

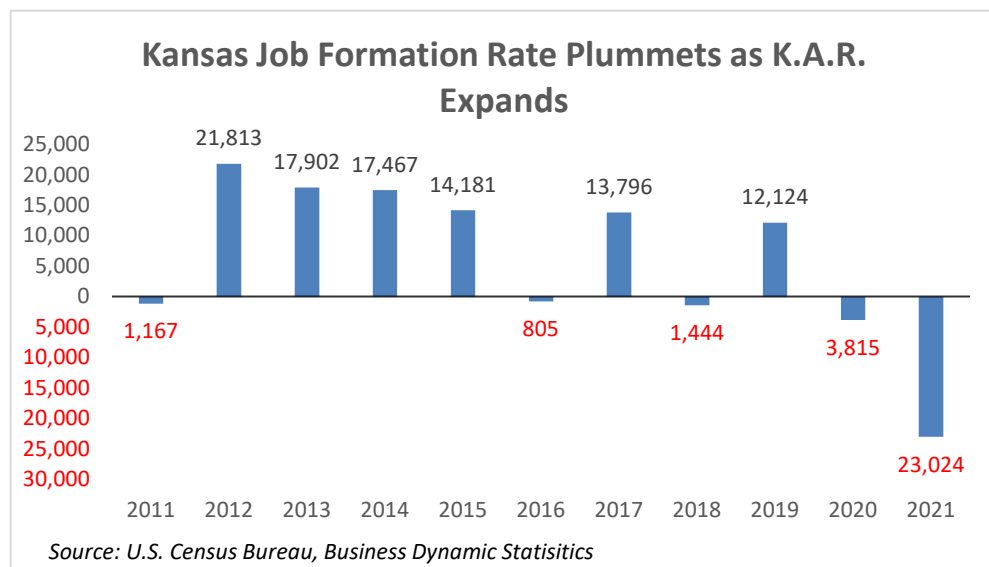
1. The Kansas Regulatory Code is a hidden cost on Kansas businesses.
2. Too many regulations adversely impact business startup activity, and from them, job growth.
3. Regulatory Sandboxes are a Growing Compromise to Allow Innovation But Maintain Consumer Health and Safety.

Kansas Regulatory Code is a hidden cost on Kansas businesses

The Kansas Administrative Regulatory Code, contains 3.3 million words that a business must peruse though to assess restrictions on their business. To put it in context, reading the KAR at a normal pace during a 40-hour work week would take 4 and a half weeks. Of those 3.3 million words, about 73,000 are regulatory restrictions, concentrated in manufacturing and professional and business services.¹ Tack on federal regulations and its clear substantial man hours and resources are spent on compliance as opposed to productive capacities.

Too many regulations adversely impact startup activity, and from them, job growth.

Regulations interfere with market competition and if left unchecked, can become a barrier for startups. In turn, larger and older firms don't have to compete and innovate, keeping prices high and slowing job



growth. Conversely, the more startups, the more people are encouraged to go into business

¹ Mercatus Center of George Mason University, "Cutting Red Tape in Kansas: A Menu of Options", <https://www.mercatus.org/research/policy-briefs/cutting-red-tape-kansas-menu-options>

themselves and the more jobs are created. In the last ten years, Kansas job formation has steadily declined, from a peak of a net 22,000 jobs created in 2012, to a net 23,000 job loss.²

Regulatory Sandboxes are a Growing Compromise to Allow Innovation But Maintain Consumer Health and Safety.

Regulatory Sandbox are a legal concept stemming from the United Kingdom’s Financial Conduct Authority’s November 2015 report, where they outlined a “regulatory sandbox” as a “safe space in which businesses can test innovative products, services, business models and delivery mechanisms without immediately incurring all the normal regulatory consequences of engaging in the activity in question.” However, it’s important to note that this does not mean sandboxes are free for all, HB 2821 is written so that regulations related to public health, safety and consumer protection remain. Moreover, there are sandboxes in 57 countries, and many states.

I urge the committee to pass HB 2821 for these reasons.

² U.S. Census Bureau, Business Dynamic Statistics, https://bds.explorer.ces.census.gov/?state=20&xaxis-id=year&xaxis-selected=2011,2012,2013,2014,2015,2016,2017,2018,2019,2020,2021&group-id=none&measure-id=net_job_creation&chart-type=bar