

Commerce Committee JOINT FAVORABLE REPORT

Bill No.: HB-5761

Title: AN ACT ESTABLISHING A REGULATORY SANDBOX PROGRAM.

Vote Date: 3/16/2021

Vote Action: Joint Favorable Substitute

PH Date: 2/16/2021

File No.: 200

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SPONSORS OF BILL:

Commerce Committee

REASONS FOR BILL:

HB 5761 directs the Commissioner of Economic and Community Development to develop a plan to establish a regulatory sandbox program and provide the legislature with recommendations about implementing such a program. Business innovation will boost our state's economy and create jobs.

Substitute Language – LCO 5412

The original bill as drafted established a regulatory sandbox program with full implementation, allowing a person to temporarily test an innovative product or service on a limited basis without otherwise being licensed or authorized to act by the state's laws. The substitute language does not create a regulatory sandbox program in the state. Instead, it directs the Commissioner of Economic and Community Development to develop a plan and provide the legislature with recommendations about implementing such a program.

RESPONSE FROM ADMINISTRATION/AGENCY:

Mathew Smith, Director Government Relations and Consumer Affairs on behalf of Jorge Perez Commissioner, Department of Banking: Submitted written testimony in opposition to this bill. One of the main objections centered around security. They noted that the bill appeared to contain a loophole; the bill's language did not appear to address adequately vetting ownership and control people within participating companies. They suggested that this might result in someone with a felony in another state or country being allowed to conduct business in the state. They also expressed concerns about the lack of

detail surrounding how the program would be carried out, including consumer complaints and cybersecurity protocols.

NATURE AND SOURCES OF SUPPORT:

None Expressed

NATURE AND SOURCES OF OPPOSITION:

Rebecca Borné, Senior Policy Counsel, Center for Responsible Lending: Submitted written testimony in opposition to this bill. She expressed her unease that this bill would allow predatory lenders to operate in the state, which they could not do previously because of current law. Ms. Borné's concern over Connecticut's proposal stems from the outcomes of similar legislation in other states.

Kelly McConney Moore, Interim Senior Policy Counsel, ACLU-CT: Submitted written testimony in opposition to this bill. The ACLU-CT objects to language in the bill pertaining to one of the program's requirements. The bill compels the applicants of the program to disclose any previous criminal convictions. In the interest of eliminating "collateral consequences" of criminal records, the ACLU-CT urges the legislature to remove the background check mandate in Section 1(c)(2) (B).

Sarah White, Staff Attorney/Connecticut Fair Housing Center, Co-Chair/National Association of Consumer Advocates: Submitted written testimony in opposition to this bill. Ms. White believes that this bill would undermine the strong consumer protection laws currently on the books in Connecticut. She is concerned that this bill would give financial services companies a blank check to sell potentially risky financial products to consumers without any oversight.

Reported by: Peter B. Andrews

Date: 3-26-21