



Sandboxes in Louisiana

INCREASING INNOVATION
AND OPPORTUNITY

The Louisiana economy is struggling, with 155,000 fewer jobs in the state since the start of 2020 alone.

Regulatory Sandboxes are tools state lawmakers can utilize to bring innovative companies to the Pelican State and provide new products for consumers.

WHAT ARE REGULATORY SANDBOXES?

Regulatory sandboxes are alternative regulatory frameworks for companies with innovative products. These companies have products or business models that do not fall under current regulatory frameworks. So, instead, these companies can apply to sandboxes, where they don't have to comply with standard regulations but still must protect consumer health and safety. This can allow time for lawmakers to either create regulations that fit this business model or reduce unnecessary regulations altogether.



Sandboxes are for companies which **do not fall under current regulatory frameworks.**



Companies in sandboxes **don't have to comply with standard regulations.**



Sandboxes **allow time for lawmakers** to create or reduce regulations.

WHERE SANDBOXES HAVE BEEN IMPLEMENTED

According to the World Bank there are currently **73 different sandbox programs in 57 total jurisdictions.** Some countries with sandboxes include **Singapore, Australia, the United Kingdom, Canada, and Mexico.**

In the United States, sandboxes are administered at the state level.



Utah leads the way with sandboxes in the **fintech, insurance, and legal industries** as well as a **general purpose** sandbox.



Florida, Arizona, and Wyoming all have **fintech** sandboxes.



Kentucky and Vermont have both implemented **insurance** sandboxes.



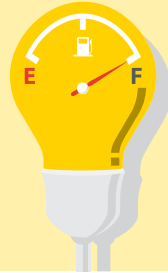
Tennessee is considering a **general purpose** sandbox.

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TYPES OF REGULATORY SANDBOXES

Regulatory sandboxes vary greatly in the types of industries they cover. **Financial technology** or “fintech” remains the most popular sandbox implemented across the globe, but **legal** and **insurance** sandboxes



are just a few other examples. Utah has recently implemented an **industry agnostic** sandbox, which means that any kind of innovative company, regardless of industry, can apply.

EFFECTIVENESS OF REGULATORY SANDBOXES

Sandboxes are relatively new, but available data from the United Kingdom is promising. Since established in 2015, the country’s sandbox had over 700 participants, and approximately 80 percent of these firms are still in existence.



Companies utilizing the sandboxes got to market **40 percent faster** than non-sandbox firms.



These sandboxes raised around **\$190 million** in private equity funding.



Firms in sandboxes **raised an average of 15 percent more** than their non-sandbox counterparts over two years.

The probability of raising capital also **increased by 50 percent** compared to non-sandbox firms.

LOUISIANA CAN TAKE ADVANTAGE OF SANDBOXES BY:



Implementing sandboxes in certain industries to build familiarity with the process.



Marketing sandboxes to firms already taking advantage of sandboxes in other areas, so they can expand into Louisiana.




Evaluating the success of sandboxes and considering whether specific parts of the program need adjustment.



Removing regulations highlighted by the sandbox program, as they are unnecessary to the protection of consumers.



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