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Subject: The Leaflet: Occupational Licensing Goes Up, Economic Growth Goes Down

Occupational Licensing Goes Up, Economic Growth Goes Down

Occupational licensing laws have come under intense scrutiny as news outlets and policy organizations tell horror stories of health coaches, food truck owners, hair braiders, and other working-class Americans having to shut down their businesses because of outrageous and excessive licensing laws. Onerous occupational licensing laws are creating overnight criminals out of ambitious individuals who simply want to earn an honest living.

Much has been documented about harsh licensing laws that, on average, require potential employers and employees to complete years of education, pass multiple exams, and pay hundreds in fees to legally work in lower-income occupations.

What about the cumulative effects of occupational licensing laws on the economy and on job growth?

Morris Kleiner and Evgeny Vorotnikov of the Institute for Justice compiled the economic costs of licensing across 36 states in a first-of-its-kind report titled *At What Cost?: State and National Estimates of the Economic Costs of Occupational Licensing*. Kleiner and Vorotnikov confirm the substantial proliferation of state and federal occupational licensing laws over the past few decades. Since the early 1950s, licensing has skyrocketed 300 percent. Today, one in five Americans cannot work for pay without the government's permission.

Shockingly, the report shows licensing could cost the U.S. economy as much as \$197.3 billion in misallocated resources and 1.9 million lost jobs each year. Licensing's toll on economic growth and jobs ranges across the states. For example, burdensome occupational licensing reduces Rhode Island's economic output by \$675 million. Even worse, California experiences a \$20 billion reduction in economic growth each year because of occupational licensing. Jobs lost to licensing ranges from 7,291 in Delaware to 2,054,106 in Texas.

These economic losses are a result of licensing restrictions that limit competition and increase costs. Even worse, there is no evidence that licensing yields higher quality goods and services—the purpose of the mandates.

In the licensing laws racket, consumers are the real losers. Industry leaders and lobbyists, not consumers, campaign for and urge legislators to create licenses that block competitors

who might not have the time or money to acquire licenses. A wide variety of industry associations—including medicine, cosmetology, and music therapy—have long lobbied for stricter regulation and licensing laws, almost entirely to create more barriers to entry.

Heartland Senior Policy Analyst Matthew Glans [says occupation licensing](#) laws should be reduced to untie the hands of entrepreneurs and job seekers and to unleash economic growth.

“In many instances, licensing laws are unnecessary, which is why many states are passing reforms to reduce state licensing boards’ authority,” wrote Glans in his *Research & Commentary*. “When implemented, these reforms have lowered the barrier to entry for entrepreneurs and employees. Even better, they have spurred economic growth, promoted competition, decreased business costs, and improved quality of services.”

Glans concluded, “One of the top priorities for all states should be to promote tax and regulatory policies that create more jobs for their citizens. Reducing occupational licensing laws is a good step toward opening up additional industries for expansion and empowering entrepreneurs to start their own businesses, the ultimate engine for economic growth.”

What We're Working On

Budget & Tax

[Texas Tackles Civil Asset Forfeiture Reform](#)

In this *Research & Commentary*, Senior Policy Analyst Matthew Glans examines a proposal in Texas that would reform the state's civil asset forfeiture laws. “Assets should be seized only for criminal reasons, and law enforcement should not have incentives to seize any more property than is necessary and justified. HB 182 would undermine civil asset forfeiture abuses and restore property rights throughout the Lone Star State. Hopefully lawmakers in Texas, and several other states, will pass these much-needed reforms,” wrote Glans

Health Care

[Obamacare is Unconstitutional \(Guest: Rob Henneke\)](#)

In this episode of the *Heartland Daily Podcast*, *Health Care News* Managing Editor Sarah Lee speaks with Rob Henneke, attorney for a plaintiff in the landmark case that deemed Obamacare unconstitutional.

Education

[ESA Programs More Popular Than Ever with Parents](#)

In this *Research & Commentary*, Policy Analyst Tim Benson writes about EdChoice’s newly released sixth annual *Schooling in America* survey, which found 55 percent of Americans believe K–12 education in the United States is headed in the wrong direction. Additionally, less than forty percent said they would chose a neighborhood public school as their first choice for their child’s education. Benson believes

In *Environment & Climate News*, Joe Barnett reports on New York Gov. Andrew Cuomo's initiative to subsidize building owners who install electric vehicle charging stations. Under Cuomo's Charge Ready NY initiative, announced in September, the state is allocating \$5 million for grants to owners of commercial buildings to install charging stations that meet the government's standards.

[Budget & Tax News](#)

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[School Reform News](#)

that children should attend schools based on compatibility and fit, not their ZIP code. Public schools should not hold a monopoly on education.

Energy & Environment

Green Energy Policies Are Harming California and New York

Policy Analyst Tim Benson in his *Research & Commentary* writes about a new analysis on California and New York's "green" energy agenda. *Legislating Energy Poverty* finds green policies, such as cap-and-trade schemes, renewable energy mandates, fuel mandates, net metering programs, and restrictions on oil and natural gas production, do more harm than good. The higher energy costs guaranteed by a switch from fossil fuels to higher-cost "renewable" electricity sources, such as wind or solar, lead to slower economic growth. Elected officials should repeal all subsidies, taxes, regulations, and mandates aimed at reducing the use of affordable fossil fuels.

From Our Free Market Friends

Public Pensions Left Unaddressed

Beginning July 2019, Maryland's professional public employees will receive a 3-4 percent salary raise that will cost the state \$13.1 million. This increase follows a 2.5 percent raise that public employees will receive next month. Carol Park, senior policy analyst at the Maryland Public Policy Institute, believes these raises demonstrate the power of labor unions in Maryland. Unfortunately, unions are ignoring the state's pension crises, which are the result of overpromising retirement benefits. Constant pay raises jeopardize the fiscal solvency of employees' retirement security.



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