



AMERICANS *for* TAX REFORM

December 4, 2018

To:
House Federalism and Interstate Relations Committee
Rep. Kristina Roegner, Chair
Rep. John Becker, Vice Chair
Rep. David Leland, Ranking Member

From:
Douglas Kellogg
State Projects Director
Americans for Tax Reform
Ohioans for Tax Reform

Members of the House Federalism and Interstate Relations Committee,

My name is Doug Kellogg, I am State Projects Director for Americans for Tax Reform, and a director for Ohioans for Tax Reform.

ATR was founded in 1985 by Grover Norquist - at the request of President Reagan - to advocate for tax reform. Today, we continue to advocate for taxpayers, and work for policy that protects taxpayers, consumers, entrepreneurs, and fosters a vibrant economic climate that enables taxes to be few, low, and simple.

I offer the following testimony in support of Senate Bill 255 (now Sub. S.B. 255, L_132_2069-7), which would provide needed oversight and reform for the state's occupational licensing system.

Occupational licensing has rapidly expanded in states across the country. [The National Bureau of Economic Research \(NBER\)](#) found in 2006 that 1-in-4 Americans needs a license to practice their profession, compared to just 5 percent in 1950. This expansion has reduced opportunity for workers and [increased costs](#) for consumers.

Ohio places significant barriers in front of workers when a license is required: on average, 341 days of training, fees of \$137, and one exam. "Licensing requirements have prevented more than 7,000 people between the ages of 25-45 from pursuing licensed occupations," according to a [Buckeye Institute](#) analysis of U.S. Bureau of Labor Statistics data.

The damage done to workers and the economy in Ohio is significant. According to an Institute for Justice [report](#), the cost of licensing to the state amounts to 67,000 jobs and over \$209 million lost. Meanwhile over \$6 billion in resources have been misallocated. Wage growth in the state also lags behind [national trends](#).

These losses are also a concern for taxpayers, as a broad tax base, good-paying jobs, and vibrant economy ensure smoother tax burdens and offer little reason to hike taxes.

The state's licensing system affects workers at all income levels, but has a pernicious effect on those who can least afford the added costs and extra hurdles between them and a job.

Licensing impacts former offenders who are trying to reenter the workplace after serving their time. The [NICC](#) tracks over 600 license restrictions for felons in Ohio. Some of these certainly make sense, but many do not, especially when gravity of the crime is considered. It is sensible for the legislature to review them and take a closer look.

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T:(202)785-0266

F:(202)785-0261

www.ATR.org

Low-income and minority workers are less likely to have a college degree and are punished by licenses that unnecessarily require such a degree.

Another [NBER](#) study shows licensing is a barrier to interstate migration, both for workers with licenses that won't be recognized, and less educated workers. Further, An [Archbridge Institute](#) study found more licensing is associated with greater income inequality.

Military spouses who often move to new states pay in time and money when they must obtain a new license because their previous one does not transfer.

These facts and analyses go to show that occupational licensing burdens affect rank and file workers, low-income workers, and those who need a first step into the workforce.

It is no wonder why occupational licensing reform is a bi-partisan issue, with support from a broad range of interests, and both the Obama and Trump administrations have pushed for reform. Now, a number of states have begun to implement reforms to reduce occupational licensing burdens.

Currently 11 states are participating in the Occupational Licensing Project, aimed at making sure laws are not overly burdensome, and licenses carry over across state lines. States like Nebraska are leading the way with comprehensive reform packages.

The good news for Ohio is that Senate Bill 255 presents the opportunity for the state to become a leader in occupational licensing reform. SB 255 is a thorough set of reforms that would go a long way to addressing the many problems with over-licensing, and the substitute version of the bill is even stronger.

By directing a review of existing licenses, and sunseting occupational licensing boards if the legislature does not act to renew them, the bill will remove outdated, unnecessary barriers to employment and entrepreneurship for Ohioans.

As more states adopt universal standards, workers moving to the state would be able to transfer with their out-of-state license. Those who have served time in the criminal justice system would be able to find out if their conviction will impact their application for a license before they go through training - and boards would be required to post a list of felonies that impact license applications online. These measures add transparency, and save workers from mispending time and money.

Further, any new occupational licensing rules would be analyzed to reveal whether they are addressing a legitimate safety concern, their impact on jobs, and their cost to consumers and taxpayers, before being advanced out of committee.

SB 255 implements additional accountability measures for occupational licensing boards. Notable among these requirements: boards would have to explain whether they reflect nationwide licensing practices.

This bill brings oversight, accountability, and reform to the occupational licensing system by empowering legislators and workers. This is a smart approach to governing that addresses a flawed, burdensome aspect of government. It will change a status quo that is negatively impacting Ohio's workers and economy.

On behalf of Americans for Tax Reform, and Ohioans for Tax Reform, I urge the House to seize this opportunity to make Ohio a leader in occupational licensing reform by passing Sub. S.B. 255 before the end of the year.

Thank you.