



Ron Hood
State Representative
78th House District

Robert McColley
State Representative
81st House District

October 17, 2017
Sponsor Testimony
HB 289

House Government Accountability and Oversight Committee

Chairman Blessing, and members of the House Government Accountability and Oversight Committee, thank you for allowing us to speak on behalf of HB 289. The goal of HB 289 is to bring operations of Occupational Licensing Boards within legislative oversight, educate the members of the legislature and the public on the effects of licensure requirements, and create state policy outlining alternatives to licensure that accomplish protecting the health and safety of the public. This bill will allow our state to be a national leader in occupational regulation reform.

First, let me make clear that there is a strong, bipartisan push to reform occupational licensing across the country. Conservative groups like the Heritage Foundation and The Buckeye Institute as well as left-leaning groups like the Brookings Institute support scaling back the amount of occupational licensing in America. Indeed, both the Obama White House and President Trump's own Secretary of Labor have also called out the damage done to hard working Americans by too many licenses.

Under current law, occupational licensing boards have the ability to act unilaterally on issues regarding the revocation or issuance of licenses, fees, processes for the renewal of and application for licenses, and rules regarding conduct. Occupational licensing boards add roadblocks to individuals seeking work in those regulated occupations.

In this Legislature, we often talk about how we can help foster job creation. Frankly, occupational regulation is the antithesis of job creation. It creates a situation where well-intentioned people must go, hat in hand, to the government and ask for a permission slip to simply earn a living. It makes obtaining a job in that field even more difficult and contributes to the unemployment rate.

Often, the proponents of those seeking new licensure requirements for occupations will argue that the fact of having such a license from the State is necessary to protect the public from 'fly-by-nights' and that current entrepreneurs in the industry are just seeking to exploit the public without any accountability. Generally, new licensure requirements result in less individuals working in that industry, the cost of obtaining that good produced or service offered by a consumer increases tremendously, and very little in the terms of increased public health and safety is accomplished.

Further, this is particularly tough on low income and minority Ohioans. Low income Ohioans must spend a greater percentage of their income on licensing than those on the upper rungs of the economic ladder. Additionally, every day they spend meeting sometimes-onerous requirements is a day less earning money for their families. Given that the African Americans typically have an unemployment rate that is double White Americans, these types of restrictions on jobs also disproportionately, and unfairly, hurts them too.

Currently, in order to become a licensed cosmetologist in the State of Ohio, one will need 1,500 hours of training. On the contrary, in order to become a state licensed Emergency Medical Technician (EMT), only requires 150 training hours. EMT's actually deal with life and death issues on a daily basis, and yet the burden on potential cosmetologists is incredible.

The bill seeks to create public policy that states that there are other forms of regulation less restrictive than licensure that accomplish the same end. Most of which the private sector uses to self-regulate. For example, Google and Yelp reviews help consumers of a product or service identify a good or bad actor simply by the comments and experiences of others. The comments will drive consumers to certain businesses and away from others. Businesses only survive if they are profitable, and if reviews are negative their bottom line will suffer.

In addition, the bill creates a process, similar to that of a fiscal note, when bills are introduced that would seek to educate the public on the potential effects that licensure requirements would have on the occupation and the public.

Also included in the bill is a provision that was almost identical to one that was passed in HB 49, the budget bill, and signed into law by the Governor. This provision would give the Common Sense Initiative (CSI) office the ability to evaluate actions taken by occupational licensing boards against individuals operating in an occupation for anti-competitive behavior, and if any is found, stop those actions. This would protect the State and members of the occupational licensing boards from potential lawsuits arising out of the North Carolina dental examiners case (North Carolina Board of Dental Examiners v. Federal Trade Commission).

Finally, we propose in the bill that every occupational licensing board automatically sunset at the end of 5 years, or the 5th year after it was created or last renewed. This creates a procedure in which occupational licensing boards must come before standing committees of the legislature to justify the need for their continued existence and for

continued taxpayer funding. As legislators, it is our duty to be watchdogs over these licensing agencies to ensure they are not imposing overly burdensome regulations that impose barriers to entry and, ultimately, pick winners and losers.

Understand, this does not mean that these boards will necessarily be disbanded, only that they must be reviewed. It is quite possible, and I would hope probable, that some existing licensure requirements can be modified to be less restrictive, but it is highly unlikely that these boards will be eliminated en masse.

To reiterate, when Presidents Obama and Trump as well as most major groups on both the political Left and Right agree that there is a problem- there probably is one. It is time for Ohioans to stop needing a permission slip from Columbus to earn a living.

Again, we appreciate the opportunity to speak on HB 289 and welcome any questions that you might have.