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Sponsor Testimony

Senate Bill 131

Ohio House State and Local Government Committee

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Chair Wiggam, Vice-Chair John, Ranking Member Kelly, and members of the Senate Workforce and Higher Education Committee, thank you for the opportunity to testify on S.B. 131, which would establish universal occupational licensure reciprocity in Ohio. S.B. 131 had five hearings in Senate Workforce and Higher Education Committee, where it passed 7-0 before passing out of the Senate by a 31-0 margin.

Why do we need S.B. 131? In 1950, less than five percent of jobs required an occupational license nationwide. Today in Ohio that number is closer to 18% or almost 1 in 5.¹ An occupational license is basically a government permission slip to do a certain job. Occupational licenses are generally designed with the best of intentions—to protect consumers and ensure that trained professionals have a certain minimum level of skill and proficiency in their given occupation.

However, the decision to license occupations comes with a cost. In Ohio there are over 650 different occupational licenses for which an applicant must first jump through a variety of time-consuming and expensive hoops—attending classes, taking exams, paying fees, etc. The Brookings Institution has shown this occupational “licensing reduces employment growth and limits job opportunities, especially for low-income individuals,” who might find these barriers to entry cost prohibitive – resulting in less economic mobility and more income inequality.² At

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https://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/reforming_occupational_licensing_morris_kleiner_final.pdf

² https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf

the macroeconomic level, a trio of University of Minnesota and Princeton economists estimate that occupational licensing results in 2.8 million fewer jobs nationwide and costs consumers \$203 billion a year.³ In short, occupational licensing in America has sprawled out of control and is now less about consumer protection than it is about economic protectionism.

Furthermore, as most occupations are licensed state-by-state, a valid license in one state often will not easily transfer to a new state. This can create real hardships for those who cannot easily bear the costs of being re-licensed and can also reduce public access to trained professionals in underserved areas. Researchers at the University of Minnesota have found that the interstate migration rate for individuals in occupations with state-specific licensing exam requirements is 36% lower relative to members of other occupations.⁴ In other words, a state that refuses to recognize occupational licenses from other states significantly deters people from moving there.

However, there is good news: occupational licensure reciprocity reform is an issue that has significant bipartisan support.

A 2015 Obama Administration report on occupational licensing recommended: “State legislators and policymakers **should adopt institutional reforms that promote a more careful and individualized approach to occupational regulation that takes into account its costs and benefits, and harmonizes requirements across States.** If they are successful, the collective effect of their efforts could be substantial: making it easier for qualified workers to find jobs and move where they choose, increasing access to essential goods and services” It went on to say that “Instituting a more rational approach to occupational regulation would improve economic opportunity and allow American workers to take advantage of new developments in today’s economy.”⁵

³ http://www.ncsl.org/Portals/1/Documents/employ/Licensing/State_Occupational_Licensing.pdf

⁴ <https://www.minneapolisfed.org/research/sr/sr561.pdf>

⁵ https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf

More recently, the Trump and Biden Administrations also have supported occupational licensure reform. The Federal Trade Commission's "Economic Liberty Task Force" has been working to reduce "hurdles to job growth and labor mobility by encouraging states to reduce unnecessary and overbroad licensing regulation."⁶ In fact, a recent FTC report recommended states pursue strategies for enabling individuals in licensed professions to work across state lines. The former Chairwoman of the FTC has noted that "Most occupations are licensed state-by-state, meaning that a valid license in one state often will not easily transfer to a new state. This can create real hardships for those who cannot easily bear the costs of being relicensed and can also reduce public access to trained professionals."⁷

Moreover, Arizona recently took a tremendous leap forward with its decision to recognize out-of-state occupational licenses. President Trump noted publicly that he hopes "other states are going to follow Arizona's lead."⁸

Ohio's passage of S.B. 7 was a great first step towards occupational license reciprocity in the state, providing occupational license reciprocity for military spouses. During the hearings on the bill there was never any question or concern about the health safety and welfare with respect to license reciprocity. And why should there be? As a General Assembly, we recognized that people do not forget their skills when they cross a state line. Obviously, this tenet is true regardless of whether they are married to someone in the military or not. S.B.7 passed both chambers unanimously.

Offering full license and certification reciprocity, S.B. 131 expands on S.B. 7 and was originally modeled after the Arizona's House Bill 2569. Arizona's bill which, signed by Governor Ducey in April 2019, requires Arizona's licensure boards to recognize out-of-state licenses if the applicant meets certain conditions: their license is in good standing, they meet certain work experience requirements, and they pass any necessary criminal backgrounds checks - to name a few. This bill does the same.

⁶ <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license>

⁷ <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license>

⁸ <https://www.azcentral.com/story/news/politics/arizona/2019/06/13/trump-says-ducey-doing-fantastic-job-applauds-new-occupational-licensing-law-white-house-meeting/1451076001/>

To summarize, the goal of this bill is to promote economic growth in Ohio by:

- Removing unnecessary licensure hurdles and welcoming skilled workers to our state;
- Providing Ohio businesses with additional skilled labor necessary to compete at a national level;
- Increasing access to trained professionals in underserved areas.

S.B. 131 recognizes that workers licensed in other states do not lose their skill sets when they move to Ohio. Arizona and Pennsylvania have already recognized this. It's time for Ohio to do so as well.

Before concluding, I would like to thank my joint sponsor, Senator McColley, who will provide further details of S.B. 131 in just a moment, as well as Representative Powell who is carrying companion legislation here in the Ohio House.

Thank you for the opportunity to provide sponsor testimony. With the chair's indulgence, I would ask that questions be held through the conclusion of Senator McColley's testimony.

Thank you Senator Roegner. Senate Bill 131 allows *any* out-of-state licensee in good standing to obtain an Ohio license to practice their profession.

The bill accomplishes this by utilizing existing licensing authorities to administer licenses and rules, but requires the boards to grant a license to an applicant with an existing out-of-state license if the following conditions are met:

1. The applicant holds an out-of-state license or government certification for the same profession or occupation and at the same level of practice for which they are applying
2. The applicant has held that license or certification for at least one year

3. The applicant is in good standing in all jurisdictions in which they are licensed to practice their profession
4. The applicant satisfied minimum education, training, or experience requirements or passed an exam to receive their out-of-state license
5. The applicant has not surrendered a license or had a license revoked because of negligence or intentional misconduct related to their occupation
6. The applicant is not disqualified from obtaining a license or certification because of criminal offenses

If Ohio licenses their profession, but their home state does not, an applicant can also qualify for an Ohio occupational license if they have **three** years of experience at the same practice level, or a private certification and at least **two** years of experience at the same practice level. In addition, they must also be in good standing, not have had a license revoked or surrendered, and not be disqualified from having a license because of criminal offenses.

Simply put, if all of these conditions are met - if someone is trained and experienced in their field and has demonstrated the ability to do their job - there is absolutely no good reason we should prevent them from making a living in Ohio.

This legislation underwent a few changes while in the Senate. Senator Roegner and I worked diligently with the Affiliated Construction Trades to ensure that Ohio's construction industry would not be negatively impacted by this legislation. As large-scale industrial projects select Ohio for their investments, it is imperative that out-of-state contractors are able to work in Ohio safely. It now exempts specialty contractor licenses issued by the Ohio Construction Industry Licensing Board, licenses issued by a political subdivision to an individual by which the individual has or claims the privilege to act as a tradesperson for a specialty contractor in the political subdivision's jurisdiction. However, the bill does recognize that Ohio is and will continue to be in need of people holding specialty contractor licenses. It does so by streamlining the reciprocity process for the specialty contractor licenses by requiring the same one-year experience requirement as opposed to the current five-year experience requirement and the passage of the same exam that is required for in state applicants.

The other change that this legislation underwent, is allowing our men and women in the armed forces to use their skills in Ohio, as they will now be able to transfer into a government license. For example, an enlisted individual who is stationed at Wright Patterson Air Force Base doing HVAC work will be able to stay in Ohio and perform those same tasks. Rather than force military members to repeat training for a profession they already know, this change will make it as simple as possible for them to make Ohio their home.

Thank you again, Chairman Wiggam and members of the committee for giving us the opportunity to testify today on Senate Bill 131. We would be happy to answer any questions you may have.