



Written Testimony
Committee on Small Business
Subcommittee on Economic Growth, Tax, and Capital Access
“Occupational Hazards: How Excessive Licensing Hurts Small Business”
United States House of Representatives
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Thank you, Chairman Brat and Ranking Member Evans, for the opportunity to provide some insight as to the impacts of occupational licensing on the millions of self-employed and micro-business owners, I am proud to represent the National Association for the Self-Employed (NASE) as President and CEO. The NASE represents the 27 million self-employed and micro-business owners (10 employees or fewer), as well as providing educational resources for those looking to start and grow their businesses. Founded in 1981, the association has been the leading voice advocating for America’s smallest businesses in all areas of public policy, to ensure lawmakers truly understand the uniqueness of the largest sector of the total small business community, the self-employed.

Before I begin, I think it is important to acknowledge at the forefront that there are professions and occupations that should have licensing requirements and continuing education credit hours. We all know laws change, best practices are introduced, all of which informs millions of professionals as to how they could do their job better, safer, and provide a value to their customers.

However, what concerns me regarding those job duties that require licensing are three-fold:

- 1) the licensing barriers of money and time
- 2) the inconsistency of licensing requirements from state to state and locality to locality
- 3) the impact on minorities and other vulnerable populations.

In an NASE snapshot survey for our members conducted last week, 70% indicated that they must adhere to some level of licensing tied to their profession. This is trend of requiring licensing is supported by the excellent 2017 2nd edition "*License to Work*" report by the Institute for Justice, which found, "*in the 1950s, about one in 20 American workers needed an occupational license before they could work in the occupation of their choice. Today, that figure stands at about one in four.*"

The NASE has been pleased to see the issue of licensing being tackled by the highest levels of our federal government, we continue to be incredibly supportive of the *Economic Liberty Task Force* established by the acting Federal Trade Commissioner chairman, Maureen Ohlhausen, which has been convening stakeholders together to identifying ways in which the federal government can safely advocate for decreased licensing requirements while supporting state initiatives that do the same.

As it relates to the financial burden, of the 102-occupational license reviewed and included in the 2017 Institute for Justice report, they found that on average it cost an individual \$267 in fees and one exam, and nearly a year of education and experience. For an individual looking to enter the workforce or make a career shift, the financial costs of securing the appropriate licensing requirements is a significant barrier. It should be noted that both the Institute of Justice report and the *Economic Liberty Task Force*, both express concern as to the impact of the financial barrier on the most economically disadvantaged citizens, causing a barrier to entry and mid-level jobs that could have a substantial impact on the lives of those individuals if it wasn't for the cost associated with moving into that profession.

As it relates to the inconsistency of licensing requirements from state to state and locality to locality. This is the most challenging for our dynamic population of entrepreneurs that are more mobile and creative in the way in which they work. The figures and stats are just overwhelming to an entrepreneur looking to move his or her business from one state to another. Especially, if that individual is looking to relocate say to the popular Golden State, California, which requires the largest number of occupational licenses and imposes steep requirements to attain proper licensing.

While the FTC has honed in on 23 occupations, ranging from dentists, electricians, and sellers of contact lens, that could benefit from standardization, it really is going to require states to understand the importance of creating an environment in which entrepreneurs can easily traverse geographic areas without fear of running afoul of complex licensing requirements that are vary widely from state to state.

As I stated at the beginning of my testimony, some licensing requirements are necessary, but what has become evident in our own research is that for many of our members, nearly 68% in our snapshot poll, said that they find that the licensing requirements hinder their ability to operate their small business. What we don't know in our research but could speculate is that for many Americans, they do not pursue a profession or job because of the barrier that the licensing requirements pose.

As always, the NASE, likes to not just identify problems but rather, put forth creative solutions to those problems we identify! I would propose several ideas that I know are advocated for by many other organizations, including:

- 1) Support and amplify the FTC's *Economic Liberty Task Force*;
- 2) Work to encourage Associations and organizations to review their own licensing requirements, which will turn, encourage state and local governments to review their licensing requirements

- 3) Support scholarship and other avenues in which Associations or states could provide financial recourse for the costs related to licensing.

As we continue to move to a more dynamic and mobile economy, we will need to ensure that your physical location shouldn't dictate the work you are permitted to do, but rather, that entrepreneurs should be encouraged to traverse across state lines and conduct business in a safe way, but that doesn't unduly burden them in a way that could impact their livelihood.

Thank you and look forward to your questions.