

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2501 Rayburn House Office Building
Washington, DC 20515-0515

March 16, 2018

Mr. Major Clark, III
Acting Chief Counsel for Advocacy
United States Small Business Administration
409 3rd St., SW
Washington, DC 20416

Dear Mr. Clark:

Occupational licensing has become a growing concern to many small businesses. The percent of the workforce requiring a license issued by the government in order to work has increased from less than five percent in the 1950s to almost 33 percent today.¹ Studies have also found that licensing costs the American economy up to 2.85 million jobs.²

At a time where small business owners are particularly having a hard time filling vacant positions, we are concerned that occupational licensing laws could have unintended consequences on small businesses. Small businesses lack the resources of their larger counterparts to navigate licensing barriers, and low and middle income Americans typically cannot afford the high entrance costs and extensive educational requirements that licensing can require.³

Over the past few months, the Committee has held hearings on issues affecting the small business labor market and how occupational licensing influences small businesses and entrepreneurship. During a September 7, 2017 hearing of the Subcommittee on Economic Growth, Tax, and Capital Access titled, "Examining the Small Business Labor Market," the Subcommittee heard that regulations pose a serious barrier to hiring new talent.⁴ In a follow up hearing examining occupational licensing, the Subcommittee heard from several witnesses that

¹ Morris Kleiner, *Reforming Occupational Licensing Policies*, BROOKINGS INSTITUTION: THE HAMILTON PROJECT 5 (2015) [hereinafter "Hamilton Project"], available at, https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf.

Occupational Licensing: Regulation and Competition: Hearing Before the House Committee on the Judiciary, 115th Congress, (2017) (testimony of C. Jarrett Dieterle), available at <http://www.rstreet.org/outreach/testimony-occupational-licensing-regulation-and-competition/>.

² Hamilton Project, *supra* Note 1, at 6.

³ *Occupational Hazards: How Excessive Licensing Hurts Small Business: Hearing Before the H. Comm. On Small Business, Subcommittee On Economic Growth, Tax, and Capital Access*, 115th Cong. (2018) (testimony of C. Jarrett Dieterle), available at https://smallbusiness.house.gov/uploadedfiles/2-27-18_dieterle_testimony.pdf.

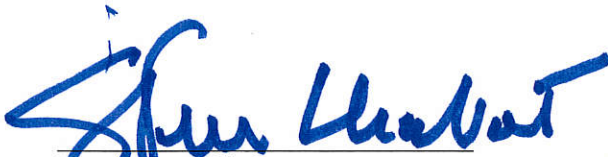
⁴ *Examining the Small Business Labor Market: Hearing Before the H. Comm. on Small Business, Subcommittee On Economic Growth, Tax, and Capital Access*, 115th Cong. (2017) (testimony of Carlos Castro), available at https://smallbusiness.house.gov/uploadedfiles/9-7-17_castro_testimony.pdf.

excessive licensing impedes small business growth and innovation. In a poll of self-employed businesses owners conducted just prior to the hearing, 70 percent indicated that occupational licensing negatively impacts their business.⁵

Given the Office of Advocacy's mission to conduct research examining economic conditions for small businesses, the Committee requests that the Office of Advocacy conduct a study on the rise of occupational licensing across states and localities and the economic effects of licensing on small businesses and the small business labor market.

Should you have any questions regarding this request, please contact Daniel Brown of the Committee staff at (202) 225-5821.

Sincerely,



Rep. Steve Chabot
Chairman



Rep. Dave Brat
Chairman, Subcommittee on Economic
Growth, Tax, and Capital Access

⁵ *Occupational Hazards: How Excessive Licensing Hurts Small Business: Hearing Before the H. Comm. on Small Business, Subcommittee on Economic Growth, Tax, and Capital Access, 115th Cong. (2018)* (testimony of Keith Hall), available at https://smallbusiness.house.gov/uploadedfiles/2-27-18_hall_testimony.pdf.