



**Opening Statement of Chairman Hanna
Subcommittee on Contracting and Workforce
Hearing: "Barriers to Opportunity: Do Occupational Licensing Law Unfairly Limit
Entrepreneurship and Job Creation?"
March 26, 2014**

The hearing is called to order.

First, I want to thank the witnesses for being with us today as we discuss an issue that relates to economic opportunity for our citizens: the proliferation of state occupational licensing laws and the effects these may have on entrepreneurship and job creation.

As the private sector economy continues to struggle to create sufficient numbers of new jobs to replace those lost in the recession, many unemployed and underemployed Americans are taking it upon themselves to use whatever skills or talents they have to start a business to earn income.

Unfortunately, for many of these would-be entrepreneurs, they may need some sort of governmental approval in order to do so. One of the most difficult forms of that approval is an occupational license.

While the intent of occupational licenses are to protect public health and safety, or to protect consumers from bad actors, the scope and complexity of occupational licensing has grown considerably in recent years.

Yet as this trend develops, there is mounting evidence that many of the public benefit arguments used to justify occupational licensing are tenuous. Instead, some licensing laws appear designed not to protect life, safety or property, but to protect existing businesses from competition.

For example, while many Americans would not be surprised to know that doctors and lawyers need a state-issued license to practice their trade, they may be surprised to learn that it is illegal for a person to braid hair, work as an interior designer, or operate an obedience school for dogs without a state-issued license. And, they may be more shocked to learn what obtaining such licensing entails.

In a recent report, the Institute for Justice found that the education and training requirements for many of these professions to obtain a license exceed those needed to become an emergency medical technician, an occupation where lives are at risk.

The cost of such excessive licensing requirements can be measured in reductions in new business start-ups, lost jobs, higher prices for consumers, or increased income inequality.

According to another study, job creation in certain professions is 20 percent lower in licensed states versus unlicensed states. Many of the entrepreneurial opportunities lost to excessive occupational licensing are in jobs most likely to be pursued by the economically disadvantaged.

The issue of state and local occupational licensing raises several questions for Congress and the courts.

While federal policymakers have an interest in promoting the principles of economic liberty and preventing discriminatory practices that limit opportunity, especially for the disadvantaged, we must also respect the principle of federalism, which gives states the rights to regulate activities that take place within their borders.

Our purpose today isn't to answer the question of whether states should or should not regulate. It is to examine how certain occupational licensing laws may have become excessive and discuss options for reform to enhance opportunity, help the economy and create jobs.

I now yield to Ranking Member Meng for her opening statement.