

Two states embrace occupational licensing reform

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The effort to scale back onerous state licensing requirements has notched two victories in the opening days of 2023. The governors of Nevada and Ohio are reducing barriers to professionals hoping to offer their services to state residents: a step that benefits both these workers and their future customers.

Until recently, states have been closing off more and more occupations to unlicensed practitioners. To get a license, workers must meet a variety of educational, testing and training requirements that can consume hundreds of hours and thousands of dollars. Among the 350 occupations with licensing requirements in one or more states are athletic trainers, makeup artists, security alarm installers, travel agents, bartenders, tour guides, interior designers, auctioneers, and massage therapists. Three economists have estimated that licensing in the United States “results in 2.8 million fewer jobs” and costs consumers \$203 billion annually.

But the momentum toward stricter licensing rules is now turning. On Jan. 2, Gov. Mike DeWine signed Ohio Senate Bill 131, which implements universal licensing recognition. Under this reform, professionals licensed in other states will be able to serve Ohioans without having to get a new license in the Buckeye State. To qualify, the worker must have at least one year of experience in the state of previous residence and must be in good professional standing. Ohio is the 20th state to adopt some form of Universal Licensing Recognition.

On Jan. 12, newly inaugurated Nevada Gov. Joe Lombardo took an initial step toward Universal Licensing Recognition in the Silver State via executive order. Lombardo’s Executive Order 2023-004 instructs Nevada state licensing boards to report by April 1, 2023 on “pathways to professional licensure reciprocity that exist regionally, nationally or internationally.” Further:

To the extent Nevada does not currently participate in any identified reciprocity opportunity, the board’s report shall provide a justification as to why Nevada does not currently participate and shall set forth an action plan should the state decide it should participate in such a reciprocity program. ... To the extent an occupation or profession that is currently licensed in Nevada allows for licensing reciprocity in the majority of states (26 or more), reciprocity shall be presumed to be possible and appropriate, and the board shall provide a recommendation for implementing a program for reciprocity participation by July 1, 2023.

The order also freezes any new licensing rules for the time being, while Executive Order 2023-003 freezes all new state regulations and instructs executive agencies to identify at least ten existing regulations that should be considered for repeal.

The recent actions in Ohio and Nevada are among the state occupational licensing reform recommendations offered by my colleague Chris Edwards in the Cato Institute's new book, "Empowering the American Worker ."

Although 2023 and 2024 promise to be years of gridlock at the federal level, innovations are continuing at the state level promising greater opportunities for American workers and more affordable costs for the nation's consumers.

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