

TOPLINE: Policymakers should eliminate or relax licensure laws and other government-imposed [barriers](#) to entry that limit competition.

BACKGROUND: In theory, licensure laws protect the public from unqualified or unscrupulous practitioners. In practice, many state licensure schemes [act as cartels](#) that protect incumbents from competition. In 1950, only about 5% of workers needed an occupational license; today, it's [22%](#). Licensure laws are especially harmful to younger and lower-income individuals and the more than [one in four American adults](#) who have a criminal record that can disqualify them from many licenses. Requiring people to pay hefty fees and attend dozens or hundreds of hours of training before they can legally become barbers, bartenders, ballroom dance instructors, florists, or hair braiders needlessly limits work and income opportunities. By restricting the supply of workers, licensure laws drive up the costs of goods and services, and studies consistently find that the higher prices and limited employment come with [little or no measurable improvement](#) in quality or public safety. On an annual basis, occupational licensing is [estimated to cost](#) about 1.85 million jobs and about \$193 billion in misallocated resources.

Action Items (State Lawmakers):

- **Eliminate licensing requirements for occupations that do not present significant risks to public health or safety.**
- **Reduce excessive education, training-hour, examination, and fee requirements** for remaining licenses.
- **Enact universal recognition laws or licensure by endorsement** so that workers can move across state lines without repeating licensing requirements.
- **Replace mandatory licensure with voluntary certification** where appropriate.

How It Would Make Life More Affordable:

- Fewer unnecessary licensure requirements would increase employment and income in those occupations, while reducing the prices of the goods and services they produce.

Related State Legislation: Occupational Licensing, Reciprocity ([Arizona H.B. 2569 \[2019\]](#), enacted [the first universal license recognition law]); Occupational Freedom and Opportunity Act ([Florida H.B. 1193 \[2020\]](#), enacted [most comprehensive licensure reform]).

BOTTOMLINE: Competition—not licensure cartels—is the best protection for consumers. Governments should remove barriers to work instead of creating them.