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February 17, 2020

House Regulatory Affairs Committee
State Capitol
Phoenix, AZ 85007

Re: House Bill 2809

Dear Chairman Kern,

The R Street Institute is writing to support House Bill 2809, which provides fee reductions to occupational license holders when the licensing fund exceeds 50 percent of its fiscal-year appropriations. R Street is a Washington, D.C.-based think tank with a western office in Sacramento. We promote pragmatic free-market solutions to myriad problems. One of our core issues is reforming occupational-licensing laws to make it easier for qualified people to work in their chosen fields.

Licensing laws are designed to assure that people involved in various trades and professions have the requisite training. In practice, however, such laws often impose unnecessary barriers to entry and are used by members of the existing profession to reduce competition.

The licensing requirements aren't the only barrier to entry. Often, the fees that state agencies charge can make it more difficult for people to pursue their chosen fields. This legislation would reduce the costs for Arizonans – without harming the ability of the state's Title 32 boards to do their job overseeing various trades, professions and occupations.

Furthermore, these are fees – not general taxes – so they should be tied closely to the costs of operating the licensing board. Yet data from the governor's Office of Strategic Planning and Budgeting finds that in FY 2021 these agencies are projected to have more than \$88 million cash balances – well above their \$37.4 million in expenditures. The office projects such balances to grow to nearly \$105 million next year.

There's no legitimate purpose for these boards to amass such large surpluses. The funds come from hard-working Arizonans who dutifully pay their annual licensing and certification fees. If they pay far in excess of the monies needed by the agency, those extra dollars should be used to benefit current or potential licensees. This legislation does just that.



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The bill stipulates that if the board's balance exceeds 50 percent of the year's appropriations, it must provide a onetime waiver or fee reduction to reduce the balance below that 50 percent threshold. That not only provides a benefit to Arizona workers, but provides a disincentive for these agencies to continue building up these unnecessary surpluses. The bill also requires more open financial reporting.

Arizona's reform last year that provides license portability for people moving to Arizona from other states was a model for the nation. HB 2809 is an important follow-up measure that would benefit people already living and working in Arizona.

Thank you for your time and consideration. Note: I am a registered lobbyist in the state of Arizona.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Greenhut', written over a horizontal line.

Steven Greenhut
Western Region Director
(909) 260-9836