



1212 New York Ave. NW,  
Suite 900  
Washington, DC 20005  
202.525.5717

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February 5, 2020

Senate Commerce Committee  
State Capitol  
Phoenix, AZ

Re: Support: Senate Bill 1274

Dear Sen. Ugenti-Rita,

The R Street Institute is writing to strongly support Senate Bill 1274, which restructures the membership of several licensing boards to include more public members. R Street is a Washington, D.C.-based think tank with an office in Sacramento that covers Arizona and several other western states. One of our core issues is reforming occupational-licensing laws to make it easier for qualified people to work in their chosen fields.

In theory, licensing laws are designed to assure that people involved in various trades and professions have the requisite training. In practice, licensing laws often impose unnecessary barriers to entry and are used by members of the existing profession to reduce competition. A bipartisan nationwide movement is committed to reducing those unnecessary barriers, while respecting legitimate concerns about public safety.

Free-market groups such as ours have focused on the anti-competitive nature of these laws and liberal groups have likewise noted the degree to which these laws often keep people mired in low-wage jobs. A 2015 reform blueprint from the Obama White House noted that “licensing requirements raise the price of goods and services, restrict employment opportunities, and make it more difficult for workers to take their skills across state lines.” The Trump administration also has supported reform.

Arizona’s reform last year that provides license portability for people moving to Arizona from other states is a model for the nation. SB 1274 is an important follow-up measure that would benefit people



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already living and working in Arizona. We find that the occupational boards, which are responsible for overseeing licensing rules, often serve as the biggest barrier to entry.

That's because their membership is dominated by people who already have their licenses and are working in these fields. Although that membership composition provides necessary technical expertise, it also gives veto power to those with a vested interest in the status quo and in reducing competition.

This legislation will even the playing field, by boosting public members while still assuring that the boards have plenty of practicing members. This legislation will reduce the likelihood of regulatory capture, whereby industries control the agencies that regulate them, and also increase accountability of the boards to the public.

In a 2015 U.S. Supreme Court case involving the North Carolina dentistry board, the court ruled that state licensing boards are not immune from federal antitrust laws. "When a state empowers a group of active market participants to decide who can participate in its market, and on what terms, the need for supervision is manifest," the court ruled. That's a reminder of why reforming the membership of these boards is so crucial.

We applaud you for introducing this bill and thank you for your consideration.

Best,

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

Steven Greenhut  
R Street Institute  
Western region director  
Sacramento, Calif.  
(909) 260-9836